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RISK CONTRACT AREAS RETURNED TO PETROBRAS; OUTPUT DATA

Companies Cite 'Operational Risks'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Jan 81 p 28

[Text] Rio de Janeiro--Major foreign oil companies participating in risk contracts have returned to PETROBRAS [Brazilian Petroleum Corporation] 10 of the 20 tracts included in the first two international bidding rounds because they had no success and also because they claim the prospecting tracts--at the mouth of the Amazon and in the Santos basin--have such high operational risks that continuing to explore there would be inadvisable.

Officials of these companies have expressed to PETROBRAS their belief that the state enterprise reserved the best areas for its own development, especially those located on the continental shelf, leaving for risk contracts only those tracts where the possibility of finding new commerical-sized deposits is much slimmer.

But risk contract superintendent Lauro Pereira Vieira is sure foreign oil companies are still interested in finding petroleum in Brazil, so much so that they signed contracts for exploring new tracts included in more recent bidding rounds. Even companies that were unsuccessful, such as British Petroleum and Esso, did not quit investing money, especially in the Santos basin.

The first bidding round, held in 1976, aroused interest in petroleum development in the Santos basin and the mouth of the Amazon. It was participated in by two companies acting individually (British Petroleum and Esso) and two consortia, the first led by Shell and the second by Elf Aquitaine, involving a total of eight companies. The 11 wells drilled were considered dry or subcommercial.

In the second round, held 1 year later, PETROBRAS offered 13 tracts, of which 10 were in the Santos basin and 3 at the mouth of the Amazon. Pennzoil, British Petroleum, Hispanoil and Esso participated individually, along with four consortia that included six companies (Pectin, Shell, Marathon, Citco, Union and Chevron). From the second round, Penzoil has returned two tracts in the Santos basin and Hispanoil has returned one at the mouth of the Amazon. Five wells were drilled and plugged in these two areas.

The 16 wells drilled in the first 2 rounds represented investments of about $400 million, which would have been returned to the foreign companies only if there had been a commercial discovery. These companies were also required to turn over to

PETROBRAS all the seismic surveys conducted as well as their interpretations of the wells drilled and the results obtained. So far the companies operating under risk contracts have drilled 37 wells considered dry or subcommercial.

Contract Terms Blamed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jan 81 p 3

[Editorial: "Monopoly of Petroleum and of Risk"]

[Text] The news that the most important international oil companies that signed risk contracts with PETROBRAS after the first 2 bidding rounds initiated in 1976 have returned 10 of the 20 tracts where they were authorized to explore did not cause great surprise. They were returned because, in the judgment of the companies, geological conditions in the offered areas were not very favorable to occurrence of petroleum and because the terms of the agreement signed with PETROBRAS did not motivate foreign investors in the least. Of course, these companies did not invest much in their exploration (in all, no more than $200 million, if that much, could have been put into the returned areas) and it is no secret that from the beginning (and now again) they expressed to the government their dissatisfaction with the terms of the contracts, which are really outrageously favorable to PETROBRAS. In the first two bid competitions the methods used by the state enterprise to delimit areas made them the least favorable, as they constituted merely the fringe of those where there might be petroleum; furthermore, it retained control over all neighboring tracts in an effort to benefit from eventual discoveries.

It would be naive to think that under such terms companies would invest large amounts of capital here. When the first contracts were signed THE WALL STREET JOURNAL, citing several oil-company managers, made the comment: "This type of contract is so rigid that the British would never have developed the North Sea if they had imposed such conditions. If this policy continues, the major companies will eventually turn to other more promising Latin countries, such as Argentina, or to other areas because, beyond, the immense geological risks, some of the contractual clauses are simply absurd."

Despite everything, PETROBRAS continued its tightfisted policy--and to a degree still continues it, although somewhat softened--and notwithstanding President Figueiredo's decision, made shortly after taking office, that the contracts should become less restrictive. As a result, even today the oil companies are still reluctant to invest much money, certain that as long as the state monopoly continues it will constantly extend, directly or indirectly, its area of action. It would thus not be surprising if other companies also quit. It would not be because of geology, but because of PETROBRAS.

At bottom, there is a great contradiction in the government which, in authorizing risk contracts without offering foreign firms conditions competitive with those of other countries, fails to enjoy the benefits of such an arrangement, in the form of new reserves or at least definition of Brazil's petroleum potential. For example, why not authorize, as the companies desire, seismic surveys before signing risk contracts? For fear the companies will find conditions favorable to discovering petroleum? Ridiculous, because this is what the government wants, so much so that the Geisel administration established the risk contract.

Great Britain, which discovered and is developing petroleum in the North Sea with the technology and resources of foreign companies, has just opened its seventh bidding round and 200 companies are competing. Argentina also and even communist China, which is already a producer, are offering enormous benefits to attract international companies.

Only Brazil, through PETROBRAS, continues to keep not only the oil monopoly but transferring the risk to the general public, which is paying the price for its being the foremost and strongest of the bureaucratic fortresses working against the Brazilian state.

PETROBRAS Seeking More Bidders

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jan 81 p 24

[Text] Rio de Janeiro--PETROBRAS will embark upon a campaign intended to attract more foreign companies to look for oil in Brazil. With that objective, Lauro Pereira Vieira, risk contract superintendent, will begin a 40-day trip abroad to hold discussions with top management of such companies.

Another arrangement approved by the PETROBRAS council of administration to facilitate oil exploration through risk contracts will be to open areas on the continental shelf where water depth is over 400 meters to seismic studies by foreign companies. There is as yet no technology anywhere in the world for producing petroleum at that depth but even so six foreign companies have expressed an interest in proposing exploration through preliminary seismic surveys which will entitle them to an option on tracts to be put up for bidding in the future.

There is, meanwhile, continued interest by foreign companies in exploration at shallower depths: yesterday Pecten, an American firm, signed the 81st PETROBRAS risk contract, for drilling wells off the Bahia coast in an area of 2,110 square kilometers that is 40 kilometers southwest of Salvador. Pecten had previously signed two contracts for the same region and Esso signed one.

Return

Lauro Vieira, PETROBRAS exploration contract superintent, confirmed that 10 tracts have been returned by foreign firms participating in risk contracts from a total of 20 tracts placed in the first 2 international bid competitions. But he asserted they were returned because the stipulated exploration period of 3 years--extended in some cases for 1 additional year--had expired, in compliance with the program established by PETROBRAS.

Vieira announced that 24 proposals were submitted for the fourth bidding round, which covered 70,000 square kilometers of maritime sedimentary basins. For the fifth bidding round, which will be concluded in April, 13 companies have expressed their interest to PETROBRAS by buying the geological data about the areas they intend to explore.

But those proposals, according to other PETROBRAS sources, were considered insufficient, demonstrating the disinterest of large international oil companies in pursuing exploratory work in Brazil because of their lack of success thus far. In

view of this, the risk contract superintendent himself was ordered to go abroad and talk directly with top management of these companies in order to offer aditional attractions for the contracts.

Attracting Technology

During signing of the risk contract with Pecten, Superintendent Lauro Vieira revealed that PETROBRAS decided to attract technology for producing petroleum in water 400 to 3,000 meters deep. The foreign companies will be able to make seismic surveys for 6 months and will thus be entitled to priority in the future development of tracts to be placed in bidding.

Except for the Campos basin, all other areas of the continental shelf will be open to that form of exploration. The tracts will be contiguous--one for PETROBRAS and one for the contracting companies. Lauro Vieira acknowledged, however, that the state enterprise could later extend the same system to the Campos basin at depths greater than 400 meters.

Oil Import Limit Set

Rio de Janeiro O GLOBO in Portuguese 21 Jan 81 p 18

[Text] Brasilia--The National Energy Commission (CNE) decided yesterday, after a 2-hour meeting, to limit petroleum imports during the first 4 months of this year to an average of 750,000 barrels a day. This import limitation will require inventory liquidation of 15,000 barrels daily by the end of the 4-month period.

Aureliano Chaves, president of the CNE, announced that the nation now has 44 million barrels of oil on hand. He estimated the average price of imported oil during the first 4 months of this year at $36 a barrel. Should this prediction be confirmed, the nation will spend $3.2 billion during the first 4 months of this year for oil.

To arrive at the figure of 750,000 barrels of petroleum a day, the CNE took as a basis the fact that domestic production should average 214,000 barrels daily during the first 4 months of 1981, while alcohol production will be the equivalent of 50,000 barrels daily and that of coal, 8,000 barrels.

The forecasts, according to Aureliano Chaves, are conservative but the commission in any event would prefer to establish the import ceiling for only the first 4 months of the year, after which it will make an evaluation and decide upon establishing a new ceiling.

Daily fuel consumption in December, the month upon which the CNE forecast was based, was 1,060,000 barrels, including alcohol. For the 750,000-barrel import limitation to result in liquidation of only 15,000 barrels daily from PETROBRAS inventory, the commission hopes there will be a 2 percent reduction in consumption of petroleum derivatives during the next 4 months.

The CNE also studied two other proposals prepared by the National Petrolem Council and PETROBRAS and rejected them because they would deplete inventory too much. The first proposed limiting imports to 700,000 barrels daily, which would imply liquidation of 65,000 barrels daily, and the second suggested an import ceiling of 660,000 barrels a day, which would reduce stocks by 104,000 barrels daily.

Domestic Output Sets Record

Rio de Janeiro O GLOBO in Portuguese 9 Jan 81 p 20

[Text] National petroleum production in 1980 of 68.5 million barrels broke the all-time record. This total represents an increase of 9.4 percent over the volume produced in 1979. Previous to last year, the best mark attained by national production was 66.4 million barrels in 1974.

PETROBRAS announced that the share from offshore wells was 31.7 percent, offsetting a 1.2 percent decline in onshore production. The Campos basin had the greatest production increase, contributing 78.9 percent to the overall total.

Onshore

The best onshore performance was in the Espirito Santo fields, which increased 167 percent with discovery of the Lagoa Parda deposits. Some wells in this area are producing over 2,000 barrels a day, whereas the average production from onshore wells in Brazil is 75 barrels.

Several oil wells that, despite their small volume, became economically feasible due to current oil prices entered production in 1980. The Ceara wells produced 120 barrels, while those of Rio Grande do Norte produced 14,473 barrels.

Alagoas production rose from 1.07 million to 1.1 million barrels, representing an increase of 9.6 percent; that of Sergipe increased from 10.07 million to 10.5 million barrels, an increase of 4.6 percent; and that of Espirito Santo increased from 701,740 barrels to 1.8 million, a 167 percent increase. On the other hand, Bahia onshore fields had a production loss of 7.6 percent: 29.8 million barrels in 1979 compared to 27.5 million in 1980.

Offshore

Offshore production increased 9.7 percent. In 1980 a total of 4.8 million barrels were extracted off the Rio Grande do Norte coast, 29.7 percent more than the 3.7 million barrels in 1979; Sergipe contributed 6.46 million, which is 0.3 percent more than the 6.43 million barrels produced in 1979; Bahia, 3.4 million compared to 3.2 million (up 5.5 percent); Rio de Janeiro (Campos basin), 10.4 million compared to 5.8 million in 1979 (up 78.9 percent). The only offshore basin that had a decline was that of Espirito Santo: 981,335 barrels compared to 1.4 million barrels in 1979 (down 31.2 percent). Ceara, which began offshore production in 1980, produced 1.07 million barrels.

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CSO: 3001

ELECTRIC POWER RATES MAY RISE AS MUCH AS 90 PERCENT IN 1981

Rio de Janeiro O GLOBO in Portuguese 6 Jan 81 p 19

[Text] General Costa Cavalcanti, president of ELETROBRAS [Brazilian Electric Power Companies, Inc], asserted yesterday that the real average return on investment for the electric power sector this year will be about 10 percent, based upon a forecast of inflation between 70 and 80 percent. Electric power rates could thus rise by as much as 90 percent in 1981.

He said the larger increases would not fall upon the industrial sector. According to his statement, real return on investment this year was 6 percent. In the opinion of Costa Cavalcanti, a policy of larger rate increases should continue in 1982 and following years, as the sector's resources are insufficient to meet demand for electric power, which is growing at a rate of 12 percent annually.

Costa Cavalcanti promised that new construction in the sector would only be started with funds from assured sources. It is thus possible that this year, as in 1982, no new construction will be started.

"To give an idea of the budget for the current period," he said, "aggregate expenditures by ELETROBRAS and its subsidiaries, without including the budgets of associated state concessionaires, are 555 billion cruzeiros, of which 307 billion cruzeiros are for capital expenditures and 248 billion cruzeiros are for current expenses. This does not include expenditures on the Nuclear Program other than outlays for Angra 1."

When asked the reason for excluding the Nuclear Program from the sector's budget, Cavalcanti was noncommittal: "Ask Paulo Nogueira Batista," who is president of NUCLEBRAS [Brazilian Nuclear Corporations].

As of now FURNAS [Furnas Power Companies, Inc], an ELETROBRAS subsidiary, is responsible for constructing the Angra 2 and Angra 3 power plants.

The ELETROBRAS president also reported that an arrangement has been worked out with the federal government for using funds from outside the electric power sector to cover excess costs of the Nuclear Program should its cost per installed kilowatt exceed $1,200. The cost per installed kilowatt at Angra 1 will be about $2,000 and as of now the cost estimated for Angra 2 and Angra 3 is about $2,600 per installed kilowatt.

The purpose of this measure is to avoid pressure on rates as each nuclear power plant enters operation. The rates are being calculated based upon a cost for installing hydroelectric power plants of $800 to $1,000 per kilowatt.

Costa Cavalcanti also announced that there is a trend toward less participation by ELETROBRAS in generating facilities for state concessionaires due to shortage of funds.

The company's new business management director, Gen Evandro de Souza Lima, until now administrative manager of Itaipu Binational, took office yesterday.

Authorization

Brasilia--The National Water and Electrical Power Department (DNAEE) yesterday authorized licensed electric power companies to furnish electric power to industrial consumers at special rates beginning this month through 31 March, a period during which there is more rainfall, permitting more power to be generated without jeopardizing water levels in reservoirs.

Oswaldo Baumgarten, DNAEE director general, stated that, depending upon the type of consumer, the special rates are 25 to 40 percent less than regular rates.

According to the DNAEE directive, the special contracts electric power concessionaires were authorized to make with industrial consumers have the purpose of replacing consumption of petroleum derivatives.

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FIRST COAL GASIFICATION PLANT TO OPEN WITHIN 3 YEARS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Jan 81 p 23

[Text] Curitiba--The first coal gasification plant in Brazil will begin operating within 3 years in the municipality of Ponta Grossa, Parana, 100 kilometers from Curitiba, substituting 70 percent of the fuel consumed in the region and 13 percent of statewide consumption. The plant, with a final cost of 3.2 billion cruzeiros in the first stage alone, will be built with funds from the Energy Mobilization Fund, which has released about 80 percent of the total needed.

The Parana Electric Power Company (COPEL), responsible for the Parana energy program, announced that the plant's implementation project is already underway and company experts are choosing the construction site at the same time that applications for the pre-qualification phase are being taken from interested companies. So far about 40 companies have applied.

The coal to be used by the plant will not only be furnished by Parana mines but also imported from southern states, at least until Parana production reaches the 450,000 tons needed to produce the equivalent of 400 tons of petroleum daily, the plant's goal for the first phase. If the search by the Mineral Resources Prospecting Company establishes existence of large coal reserves in the Sapopema mine in the central region of the state, Parana will be able to dispense with coal imports.

COPEL chose a coal gasification plant of low heating power because, according to the company's energy development director, Pedro Demeterco, it is the cheapest and quickest way. He feels that substitution of fuel oil in Ponta Grossa industries, the state's second largest industrial center, is important not only to save fuel but also "to guarantee operation of the industries, whose oil quotas are being reduced daily." Pedro Demeterco also reported that Parana intends to include two additional gasification plants, one in Curitiba and the other in Londrina, in the federal government's "French package" of energy projects some time this year.

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COAL TRANSPORTATION TO COST OVER 80 BILLION CRUZEIROS BY 1985

Rio de Janeiro JORNAL DO BRASIL in Portuguese 12 Jan 81 p 13

[Text] Brasilia--The Transportation Ministry will have to invest 80.3 billion cruzeiros in the next 5 years to meet shipping needs for the national coal program, which has a 1985 goal of 27.5 million tons annually. Of this amount, 25.1 billion cruzeiros (31.3 percent) will be used in the ports and ocean shipping sectors; 39 billion cruzeiros (48.5 percent), on railroads; 9.7 billion cruzeiros (12.1 percent), in constructing vessels for coastal shipping; and 6.5 billion cruzeiros (8.1 percent), in constructing vessels for inland shipping.

This information was furnished by Cloraldino Soares Severo, special activities secretary of the Transportation Ministry, asserting that with these investments all fluctuations of Brazilian coal demand will be fully met. He added, however, that the projects and investments will become definite only in accordance with the demand for coal. "We must dovetail transportation operations with demand flows carefully to avoid idleness of the transportation system and underutilization of invested funds," he pointed out.

Modular System

This concern is linked directly to availability of investment funds, in that in the case of coal a long-term perspective of 10 years should be taken into consideration. As it cannot adopt that, the Transportation Ministry adopted the approach of investing in modular projects, which will permit adaptation and expansion of the type of transportation system in keeping with future requirements. Another characteristic of this model is choice of the form of transportation for shipping coal from its source to its point of destination.

Rail transportation, in view of the demand forecast for 1985, which is 22.8 million tons of coal, will increase greatly. Besides the traditional transportation of Santa Catarina coal, in future years the railroad must handle significant volumes from Rio Grande do Sul mines and immediately it must handle the increased flow of coal on the South Trunk for meeting the needs of cement factories in Parana and Sao Paulo.

Cloraldino Severo pointed out that in 1985 the two main coal-forwarding ports, Imbituba (in Santa Catarina) and Rio Grande (in Rio Grande do Sul), will be supplied essentially by railway and waterway in the following manner:

--Imbituba: Supply is to be exclusively by rail, involving in 5 years shipment of 15.9 million tons, including 9.9 million tons of pre-washed coal from the mines to the Capivari coal-washing plant, 1.3 million tons of steam coal from the mines to the port and 4.8 million tons from the Capivari coal-washing plant to the port.

--Rio Grande: The coal for this port will arrive mainly by waterway. Of a total of 4.9 million tons in 1985, the port is to receive 3.9 million tons by inland waterway and 1 million tons by railroad.

Likewise, inland distribution of the 20.8 million tons of coal received in the coastal-shipping and deep-water ports is to be by rail. Eventually, should the coal gasification facilities in the ports of Santos and Sepetiba be in contiguous areas, they may receive coal by conveyor belt or other industrial transportation system.

According to the Transportation Ministry, the ports, where massive investments will be made, will have to ship 38.5 million tons in 1985, distributed as follows:

--Receiving ports (deep-water and coastal shipping): Antonina, Santos, COSIPA [Sao Paulo Iron and Steel Company], Rio de Janeiro, Sepetiba, Vitoria and Praia Mole, 20.8 million tons;
--Receiving ports (inland navigation): Porto Alegre, Pelotas, Estrela and Guaiba, 1.5 million tons;

--Forwarding ports (coastal and inland navigation): Imbituba, Rio Grande, Cachoeira do Sul and Jacui, 16.5 million tons.

Besides investments for modernizing the main South Trunk and electrifying the operational part of Tubarao (formerly Dona Teresa Cristina) Railway, the Transportation Ministry is investing large funds to purchase railroad equipment. This year the Federal Railroad Network received 200 new coal-hauling cars and plans to get 900 more in 1981.

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BRIEFS

ELECTRIC POWER CONSUMPTION--The nation's electric power consumption increased 11.1 percent during the January-through-November period last year compared to the same period in 1979, according to the ELETROBRAS [Brazilian Electric Power Companies, Inc] Marketing Department bulletin. The region with the largest increase was the Center-West, with 15.8 percent over 1979. In second place was the South region, with a 15 percent increase, followed by the North region with a 13.4 precent increase, the Northeast with 12.1 percent and the Southeast, with 10.1 percent. Cumulative consumption through November in gigawatt hours (1 gigawatt equals 1 million kilowatts) by region was: North, 1,614.9; South, 12,495.5; Center-West, 3,123.7; Northeast, 12,810.1; Southeast, 72,573.3. [Text] [Rio de Janeiro O GLOBO in Portuguese 8 Jan 81 p 21] 8834

CSO: 3001

FUEL PRICE INCREASE BRINGS GREATER PROFIT TO PETROPERU

Lima EL COMERCIO in Spanish 10 Jan 81 p 1

[Text] The State Petroleum Agency (PETROPERU) will bring in an additional $30 to $40 million as a result of the latest fuel price adjustment. The additional revenues will be invested in oil exploration programs scheduled for 1981-1982 in the northern jungle of the country.

This was announced yesterday by Manuel Barrantes Rangel, member of the PETROPERU board. He also indicated that PETROPERU plans to carry out the program in three stages, two of which will be put up for bidding soon.

At a press conference held at the oil enterprise's headquarters, Barrantes reported that new oil deposits have been discovered in the northern jungle of Loreto, where it is presumed that large crude oil reserves exist.

He also stated that highly specialized exploration equipment, the same equipment that was used on the recent Nueva Esperanza well, is being moved to the area of Platanoyacu to drill and evaluate the new discoveries.

Other Investments

At the press conference it was revealed that the oil enterprise is working on a $32 million loan from the World Bank, to be used for seismic prospecting programs to detect new deposits.

Barrantes Rangel stated that various studies undertaken mainly in the jungle areas of the country indicate that there are 40 billion barrels of crude oil reserves and a potential of 5 billion more barrels.

Communique

PETROPERU officials at the press conference released a communique stating that "the recent fuel price adjustment was urgently needed, given that the existing structure did not allow for the economic and timely supply of products."

It emphasizes that the government made the adjustment at the request of the enterprise, and in doing so implemented a realistic pricing policy that will provide for better utilization of this non-renewable resource.

Then it adds: "PETROPERU, at a time of emergency for this nation, reaffirms its commitment to ensure and guarantee a steady self-sufficiency in fuel." The communique is signed by the board of directors.

Also present at the press conference was PETROPERU General Manager Augusto Morales, as well as other officials.

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CSO: 3010

FUTURE GOVERNMENT'S INTENTIONS TOWARD PRIVATE SECTOR NOTED

Buenos Aires LA PRENSA in Spanish 17 Jan 81 p 1

[Article by J. Iglesias Rouco: "Between Intentions and Dangers"]

[Excerpt] Uncertain Prospects

As far as we know, among General Viola's plans figures precisely that of speeding up the process of reorganization of the administration. Despite the swiftness with which the GNP deficit has been reduced and the more than deliberately optimistic figures estimated for the GNP, maintenance in 1981 of 1980 wage levels and of almost the same number of public employees — which in practice presupposes a "freezing" of both items — plus the decision to eliminate certain administrative departments — at first, only a few because there is a great deal of pressure against this — and to "review" appointments that were made during the last few weeks of last year are indications of this intention. But Miret and Viola unexpectedly find themselves facing the danger that the scope and importance of certain well-known problems at this time by far exceed initial estimates of costs and resources.

According to our sources, among these problems are the following: 1. the intensification of international tensions, like that of the Beagle, which could force us to lay out more for military expenditures, for which we would have to take money from other items (which is why we were told a few days ago that the Beagle is an open item in the budget); 2. the already hinted at threat of recession, which would for political reasons induce the government to make an effort not yet "entered in the books" to absorb manpower "surpluses"; 3. a relative drop in production for many state enterprises for financial reasons; 4. sizable variables in investment expenditures for energy development; 5. a drop in tax revenue because of the crisis in the private sector and even in the public sector, etc. So, it is very likely that the "ideal" figures cited today tell us little or nothing of tomorrow's reality.

Administration of State Enterprises

There is no room for any doubt that, as conceived, the possibilities given in the budget will to a large extent depend on relations between the administration of each agency and the government. According to our informants, the next government is specifically determined to reassume political control over the state enterprises, which during the past few years have been in the hands of the Ministry of Economy.

On this point, we have been assured that General Viola and his collaborators have at their disposal an extensive report on the situation created by that ministry, which is alleged to have been the cause of a number of tensions and also of management vacancies.

In the case of the YPF [Government Oil Deposits], for example, responsible for the country's chief energy sector, we know that relations between its board of directors and the Ministry of Economy have not been and are not too [illegible word], despite the fact that Mr Martinez de Hoz was presumably the one who arranged for the election of five of its members. The lack of communication between the YPF and the ministry has apparently reached the point where the maximum contact between the two is only Mr Klein.

As of March, most YPF directors will no longer be appointed by the Ministry of Economy, but by the Office of the President, whereby, in the judgment of certain military groups, political control of the enterprise will again be assured. It is also possible, although not very certain, that in light of the plans for promotion of energy projects the price the Ministry of Economy "pays" the YPF for the oil it extracts, which at the present time is $77 a cubic meter, will be "reexamined," while the costs of extraction and distribution fluctuate between $120 and $140. Of course, the costs as well as the price set for the YPF are considerably lower than those of imported crude oil, which amount to between $220 and $240 a cubic meter.

But as far as the YPF as well as the rest of the state enterprises are concerned, the acquisition of greater control over them by the government will subject the latter to greater responsibilities as concerns the already critical financial situation of these enterprises. The overall YPF debt already comes to $3.7 billion, a billion of which is for its short-term foreign debt, another 2 billion for the long-term foreign debt, 400 million for short-term commercial debts and 250 million for long-term commercial debts. The enterprise is also burdened with a short-term domestic financial debt of $200 million and a commercial debt of another $350 million. As if that were not enough, the rise in its annual production — a million cubic meters on the basis of a volume of 28 million — is slow and difficult, due among other things to the lenticular nature of the deposits and the annual drop in yield (15 percent), which forces the YPF to increase its drilling operations, almost always to a depth of 5,000 meters.

Obviously, now with the greater prestige Argentina has acquired in the Beagle affair — thanks to the papal "proposal" — the country will probably be able to better develop its energy potential, since good oil and natural gas resources are attributed to that sector. But as regards this matter, it is appropriate for us to consider not only the pope's "map," which we published on 7 January, but also what Admiral Rojas said the day before yesterday during a lecture delivered by Prof Domingo Sabato in Vinelli Hall, which was attended by a small number of people. Rojas, who violently lashed out at our current diplomatic corps — he also demanded Pastor's resignation — furthermore had the good sense to recognize the "errors" committed by all the previous governments, including his own, which once again does credit to his activities as a good man.

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PAPER GAUGES REAGAN GOVERNMENT'S ANTICOMMUNISM

PY050207 Buenos Aires HERALD in English 4 Feb 81 p 4

[Editorial by Mario Del Carril: "How Right Is Reagan?"]

[Text] In this column it was said, before the American election, that the feasibility of some recent Argentine foreign policy initiatives--such as support for the last Bolivian coup d'etat--was based on the assumption that Ronald Reagan would win the presidency, and that after his victory he would appoint Senator Jessie Helms, secretary of state, retired General Daniel Graham, national security advisor and the Reverend Moon, press secretary.

Contrary to the desires expressed in that commentary Ronald Reagan won the election in a landslide. Does his victory and do his foreign affairs appointments bear out the hopes and expectations of the Argentine Government?

The names of Helms, Graham and Moon were mentioned to represent what is an extreme ideological position in the spectrum of American foreign policy positions: that of crusading anticommunism. Senator Helms represents this view in politics, General Graham represents it as a military man and former intelligence officer, and Reverend Moon represents it as a pastor.

None of these men were appointed to high office by Reagan, nor were others of their kind. Except, perhaps, for Richard Allen. This suggests that in a Reagan administration rightwing ideology will not have a excessive role in the design and implementation of foreign policy; it will probably have a far larger role in the design and implementation of American domestic policy.

In questions concerning foreign affairs, and defense, the Reagan administration has been characterized so far by making pragmatic appointments from the corporate business world and by assigning nonideological professionals to important positions.

In a symbolic gesture aimed at providing atmosphere to his leadership Ronald Reagan placed the photographs of former President Dwight Eisenhower and Calvin Coolidge in the White House. The latter is known for the slogan "the business of America is business."

In foreign affairs such an outlook calls for moderation, avoidance of adventure and the search for regional stability.

Undoubtedly, the extreme conservative and militant anticommunist position has been strengthened in the U.S. Congress by the wide-ranging Republican victory in November, and it has a chance, depending on how well its champions use their influence, to determine directions in foreign policy. But that has not yet happened.

Consider the struggle that has been taking place between Senator Jessie Helms and Reagan's now confirmed secretary of state: Alexander Haig.

Thanks to the fact that the Democrats lost the Senate, Helms now chairs the Senate Foreign Relations Subcommittee on Latin America. Since the election his influence has grown dramatically. Some would say that his approach to problems has not. For example: John Carbaugh, the senator's assistant, played a leading role in the transition team in the State Department. An unfortunate role for Helms because that team was abruptly disbanded by Haig when ideologically motivated leaks began to appear in the press.

Furthermore, Helms, and other militant right wingers in the legislature, are unhappy with many appointments in the State Department and in other agencies and departments related to foreign affairs.

Alexander Haig, to judge from his confirmation hearing, is also motivated by a traditional anticommunist ideology, but he also evidenced security and economic concerns, and it is these concerns, and not that ideology, which should most influence the foreign policy of the United States in the next 4 years. The ideology and the concerns do overlap, but they are not identical. Haig's understanding of this fact, and Helms' obliviousness to it, make for the difference between the new secretary of state and the combative senator.

Both men are hardliners because they are more willing to use force than liberals. But that does not mean that they will use or approve the use of force for the same reasons.

Senator Helms, like the Argentine Government, approved of the overthrow of the civilian government in Bolivia. It is well known that the Carter administration did all it could to stop the coup, and it is not yet clear how Haig's State Department will come down on that problem. But if there are good arguments based on broadly understood economic and security considerations to maintain American opposition to that regime, the United States will keep its distance despite the militant anticommunist rationale that has been invoked to support the Garcia Meza government.

A more vital point of tension between Helms and Haig may arise in the near future. While Helms, Haig--and in its latter stage the Carter administration--agreed that the U.S. should provide Napoleon Duarte's government in El Salvador with lethal weapons to put down a leftwing insurgency, the U.S. still has to take into account the Mexican Government's opposition to that policy.

The American right wing, which is very nationalistic, will be inclined to ignore that opposition. If Haig's demonstrated sensitivity to the European point of view is any indication, he will be inclined to work out some kind of modus vivendi with the Mexican Government on Central American policy, that should be the case if regional stability in the Caribbean is his goal.

How well the Reagan administration deals with Mexican attitudes towards the U.S. use of force in Central America will be one of the first tests of the new administration's ability to balance the claims of ideology, security and economics in its policy toward the region. It will also be a measure of the influence militant anticommunism has in American foreign policy.

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TERRORISM IN PUERTO RICO ATTRIBUTED TO CUBAN SCHEME

Buenos Aires LA PRENSA in Spanish 16 Jan 81 p 8

[Editorial: "Terrorism in Puerto Rico"]

[Text] The attack that destroyed nine fighter planes on the ground at a military base next to San Juan International Airport in Puerto Rico is revealing of the proportions terrorist action on this Caribbean island may have reached. The underground group, "Machetero" [machete wielder], which claimed credit for the attack, accomplished with time bombs, is the same one that killed a Puerto Rican policeman in 1978 and in 1979 ambushed a Navy bus, as a result of which two American sailors died and 10 others were wounded. Fifty meters from the spot where the planes were parked is the airport fuel dump with a capacity of 700,000 liters of kerosene. "If it had exploded," an airport official said, "we would have been left without an airport." There can be little doubt that this was the real purpose of the attack.

The episode has a significance that goes beyond the value of the planes that were destroyed. The boldness of the action and its immediate consequences and the free publicity in the Caribbean, the United States, Latin America and Europe constitute the major share of the gains obtained by the terrorist leaders. It is, moreover, obvious that the "remote general staff" that plans and orders these attacks is in this way adding territory to its already expanded program of activities. This is particularly designed to elicit a response and followers in the Caribbean and which may be interpreted as a demonstration which, along with others, contributes to the composition of the picture of generalized subversion that today prevails over a broad area in Central America.

In another era, in the 1930's, Puerto Rican insurrection had a name: Pedro Albizu Campos, an agitator with few followers and no luck in elections when he decided to run. Today, on the other hand, after attacks like the one we are concerned with, it is not a man but a state, that is, Cuba, and through Cuba the Soviet Union.

So, the Puerto Rican Independence · Movement has changed its guide and ideological mentor. But its fate is the same one it experienced 50 years ago. Its ranks are thin, numerically insignificant, to which we must add the discredit surrounding it because of the methods it employs. Since at least 1952, the year in which the Commonwealth of Puerto Rico was created under the egis of Luis Munoz Marin, the Independence · Movement has enjoyed equal rights in spreading its creed and claiming the cooperation of Puerto Ricans. With its own press, openly operating offices,

public meetings, promotion campaigns and access to the mass communications media, the movement has year after year seen the repeated attempts it has made to gain the support of the public end in failure. Votes obtained in the elections held during the past 28 years never exceeded 5 percent of the total number of votes cast. The two majority parties, the one that in the end again won the favor of the electorate and the one that follows the postulates of the late Luis Munoz Marin, have always together captured about 95 percent of the votes and taken turns in the government of the island. The first is a partisan of "statehood," that is, that Puerto Rico be incorporated as one more state into the United States. The second advocates maintenance of the current status of the commonwealth without affecting any modifications in and new contributions to the original charter.

The leitmotif of terrorism throughout the world is the "people's lack of participation" in public affairs. In Puerto Rico this participation is regularly manifested through the instrument par excellence of collective self-determination, that is, through free and periodic elections. In some of these the Independence Movement captured two seats in Congress, if only for a short time.

These are the circumstances surrounding the Puerto Rican terrorist action, no doubt a mission ordered by Havana within the strategic framework of regional political destabilization.

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PAPER VIEWS CUBA'S ECONOMY, COMMUNIST EXPANSION

Buenos Aires LA PRENSA in Spanish 15 Jan 81 p 8

[Editorial: "Failure of the Cuban Economy"]

[Text] In a speech delivered on the occasion of the Cuban Communist Party's Second Congress, Fidel Castro admitted that the last 5-year plan had not achieved its objectives, notwithstanding the fact, he added, that "the Cuban economy has functioned reasonably well." This was the second time in less than a year that the Havana dictator has admitted the economic failure of his regime. On 27 December 1979 at the People's National Assembly, he traced a sad picture of production and the availability of goods on the island, urging everyone to "get ready" to face "hard times."

When an autocrat like Castro feels obliged to admit that things are not going well in his bailiwick, it is because they are worse, much worse than what is publicly admitted. And everything would be all the more serious if Cuba did not rely on a permanent subsidy from the Soviet Union which, it has been calculated, for 1979 came to over $3 billion. This is not in the form of cash, rather as the "plus" Moscow pays for the sugar it buys from Cuba and the oil it sells Cuba. In the first instance, the Kremlin paid $0.44 a pound for Cuban sugar when the international market price was fluctuating about $0.10. The figures are obvious and prodigious when we realize that in 1979 Cuba "sold" the Soviet Union about 4 million tons of sugar. As for oil, Cuba gets it from Russia at a price estimated to be 50 percent of the one that prevails on the international market. Without going any further than these two products, we can say that the Soviet Union subsidizes two-thirds of Cuban foreign trade.

As telling as or more so than the figures supplied above are the facts of daily life which attest to the irrefutable fact of the state of generalized poverty the people of Cuba are suffering. Food rationing still in effect after 20 years, the scarcity of medicines, the shortage of clothing (clothes and shoes) and the lack of spare parts for the motor pool constitute the best proof of a state of affairs the solution to which has not even been looked into. Another indication is the exodus of 120,000 Cubans to the United States, which took place in the middle of this year, an even full of deplorable incidents like the inclusion, on Castro's orders, of convicted criminals, mentally ill persons and individuals, who because of their background, habits and behavior offer nothing that might recommend them, among the emigrants.

There are growing indications that, following suspension of the overseas adventure in Africa, Moscow and Havana are simultaneously once again directing their attention to successes in this hemisphere. The explosive situation in Central America is not divorced from Castro-Communist machinations in several countries. The plan is a long-range one of vast scope. Now that the situation in Nicaragua is well under control and there are growing prospects of success in El Salvador and also, albeit to a lesser extent, in Guatemala, Central America appears in Soviet plans as a territorial unit capable of being dominated. Some observers believe that, once this objective is achieved, Mexico would be the second and necessary part of a plan to undermine and dominate which would set up a titular government from Moscow, that is, from the Soviet Union itself, on the U.S. border. We ought not to scoff at or underestimate objectives which for the present may be very hard to achieve. The Soviet Union's world plan for expansion is permanent and admits of no pauses. It goes beyond the limits of the term of office of any government that may occupy the Kremlin.

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IMPACT OF SOCIAL PROBLEMS ON NATIONAL DEVELOPMENT DISCUSSED

La Paz EL DIARIO in Spanish 3 Jan 81 p 2

[Article by Adolfo Linares]

[Text] In earlier articles on topics related to national development, we have referred to the physical infrastructure, the economy and politics.

Now we will go into the social aspect.

In Bolivia, as in the majority of Latin American countries, it is difficult to understand social problems because there are no reliable statistics. Research yields only partial results, and the focus is limited. These deficiencies distort the analysis of the nation's basic structure, and what is worse, they raise the possibility that the resulting conclusions will be dangerous speculation.

Despite the above problems, based on this deficient statistical information, complemented by the observation of visible reality, it is not far-fetched to say that Bolivian society is not integrated and that the various human groups that constitute it, as well as the different strata of the population, have not achieved the degree of economic, social and political participation that would allow for a dynamic, harmonious and sustained development throughout the national territory.

In support of these assertions we can cite, among others, the following facts:

Economic conditions at present are not nearly sufficient to guarantee a productive life for all Bolivians.

Some traditional structures of society that are inadequate for its development are nonetheless maintained despite the social reforms begun in 1952.

The availability and organization of socio-economic factors in rural areas, in spite of the Agrarian Reform initiated in 1952, are notoriously deficient.

Nearly 60 percent of the nation's population is not really incorporated into the national economy. This majority, which is accustomed to speaking its native tongue (Quechua or Aymara), and occasionally basic Spanish, therefore lacks the most important means of expression, writing, reading and a common language. All these factors would facilitate the integration and progress of all sectors of the population.

There is also poor nutrition, particularly in rural areas, where calorie consumption is much lower than the Latin American average.

The consumption of proteins is known to be at low levels, and the result is poor nutrition and irreparable damage to the children of the nation.

Mortality rates are very high, especially among infants.

There is a shortage of potable water and sewer services. Sewer service and potable water are provided for only 30 percent of the nation's population, and that is in the central part of the urban areas.

Housing is in short supply; more than a million units are still needed throughout the nation. To make matters worse, nearly 60 percent of existing urban housing, and more than 85 percent of rural dwellings, are in poor condition.

In the area of education, there are material shortages and deficiencies in the content, methodology and presentation of instruction. Despite the efforts made since 1952, there has been no progress toward attaining the Latin American average level of education, or even covering the real needs of the Bolivian school-aged population.

Although the feudal, paternalistic and traditional social structure was eliminated 27 years ago, a new order has not been developed yet.

The new factors of power do not seem to be adequate to establish a healthy, vigorous economy that would facilitate development. Thus, for example, the state directs and controls practically all the most important sectors of production, and the businessmen or business groups involved in mining, finance and commerce can barely afford to invest anything in new industrial or agricultural activities.

The urban proletariat and the petite bourgeoisie of the lower and middle classes have grown disproportionately in the cities.

In rural areas, while fundamental changes have taken place in agriculture, the number of independent small farmers has increased disproportionately, and the few rural workers organized in cooperatives and agricultural enterprises have diminished in number.

Agrarian Reform has had inconclusive results; it was an experience that engendered a lot of hope, but its economic and cultural objectives have not yet been attained, and the legal aspects have evolved very slowly.

We are far behind in terms of technology, which hinders agricultural development particularly on the high plains and in the valleys. There is also a chronic lack of investment because of inadequate means of payment and rural credit. In addition, in the high plains and valley areas the land is being stretched too thin.

Salaried workers in general suffer from low wages, instability, a lack of industrial security, little or no share in business profits, and very limited social benefits.

The worker makes minimal contributions in the form of income taxes or social security payments, meaning that the state can only offer deficient services and few social benefits.

Here are some general statistics about the social environment of the national labor force: 60 percent of the labor force works in agriculture, while less than 12 percent works in the processing industry; nearly 5 percent work in mining, about 5 percent in public administration, about 8 percent in services, 3 percent in construction, and 6 percent in banking, commerce and insurance.

The urban proletariat consists of approximately 700,000 people. Of them, only 40 percent can be considered real salaried workers (blue collar workers, public and private white collar employees, small artisans, motor vehicle drivers and business executives). The remaining 60 percent can be considered underemployed, since these people work only irregularly or sporadically. That is why they leave the city to live in marginal housing in poor ghettos surrounding the cities.

Of the 280,000 salaried workers (70 percent blue collar and 30 percent white collar), approximately 50 percent live in department capitals, and the rest are distributed among the main state enterprises (the Mining Corporation of Bolivia, Bolivian Government Oil Deposits and private mining) and the provincial capitals.

The rural population is becoming the most active participant in the nation's politico-social changes.

It is precisely that rural population, along with urban and mining workers, who make up the Bolivian society that must unfortunately face one of the most serious problems ever: the lack of social and political integration of these two great majority forces. It is their development and progress that will determine whether or not the nation will be able to define its own character and destiny.

We hope this short synthesis has illustrated the characteristics and magnitude of the national social problem, and of course the urgent need to give it priority attention.

In an upcoming article we will try to point out some possible solutions, emphasizing that they are very complex and will require that the state invest considerable material resources.

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SOCIAL PROGRESS TERMED UNATTAINABLE WITHOUT ECONOMIC DEVELOPMENT

La Paz EL DIARIO in Spanish 4 Jan 81 p 3

[Article by Santiago Berrios Caballero]

[Text] When an account is balanced, a determination is made as to whether there is a surplus or a deficit. As far as this country's situation is concerned, the government agencies themselves have recognized that we are suffering from a large deficit. A series of factors have been blamed for this situation, among them the famous subsidies. Our good friend Robert Shaves Ford, on his program "Dialogo," carefully analyzed these subsidies and came to the conclusion that there is import and export smuggling in this country. The import smuggling is the result of poorly planned tariff regulations, and the export smuggling is the result of these very subsidies, which do nothing but subsidize neighboring countries.

We believe that the situation is more delicate than that. We could say that we are at a crucial moment, and we must point out that the cause is the contradictions of the current economic policy.

We know that our foreign debt is over $3.5 billion. It is obvious that we have huge financial commitments that are like a postdated check: someday someone will have to back it up. Meanwhile, nothing has been done to rationalize the economy. The previous democratization process committed serious errors, in that the position of the governing elite changed ostensibly. That group tried to manipulate the masses as a mere tool of domination. The result was a split between the goals of the elite and those of the masses; between means and ends. The situation reached the extreme of Machiavellianism in politics.

However, all Bolivians are concerned with the need to raise the Gross Domestic Product. For that purpose we must analyze what development should be, bearing in mind that economic development is a sine qua non for social development.

People often mention "resistance to development." That phrase implies, obviously, a value judgment: development is considered necessary or desirable, and certain facts are perceived to be obstacles or resistance to the attainment of that positively valued goal. But it is not always clear what type of development is being considered, or what model has been selected; the obstacles and resistances will vary according to the nature attributed to the objectives.

We used to say that economic development cannot go hand in hand with social development, because both would reach a point of strangulation, and the results would naturally be negative.

The year that is just beginning must in some way be a point of departure to determine an economic policy that is based on the historic experience that an outbreak of inflation has always been associated with an accelerated demand for goods (because people hastened to acquire goods whose price they knew would go up).

There has been a lot of talk of national liberation. Those adjectives have been used ever since we acquired reason, by the left as well as the right. The results expected by the Bolivian people have always been just that: expected.

If we want to save the nation, we will have to agree on something very fundamental: We must begin with a model for economic development that fits within the existing economic framework. In no way can a structural type of development model be devised. The prospects will be favorable if we do so, although the social cost may be high. But at any rate we must try to overcome the barriers of underdevelopment in the medium term.

The sectors of this nation should make the following efforts:

--Propose all the changes and adjustments necessary to update the economic development process in terms of effectiveness and coherence, without failing to require the active cooperation of all sectors of national life.

--Advocate sanctions against those who violate the bases of equity in this shared effort, and take adequate measures to improve the level of remuneration of low-income groups.

--Review the situation of public administration officials who, far from cooperating with the modernization of services and working methods, adhere to their old vices and conspire against the progress of economic development.

--Clarify once more, from the highest level of government, the need to avoid premature political liberalization and acceleration of the time required to meet national goals.

--Reorganize the state enterprises, where policies of efficacy, honesty, cost cuts, and a modern administrative rationalization should be pursued.

--Review the subsidy policy and suspend some subsidies, so that the capital that is flooding in through this means can be directed toward investments in our state enterprises.

--Regain foreign confidence and reduce the fiscal deficit, while applying socially sensible criteria to the implementation of certain measures in the private sector.

--Recognize the inappropriateness of an autocracy, which undoubtedly constitutes an evil threat, a pseudo-democracy, and promote instead the participation of the masses in the management of public affairs.

At present we have the best opportunity to implement a process of economic development, with the certainty that later on social development may be undertaken in a more positive climate.

It is not acceptable to continue with the slogan of harmonious and coherent economic and social development. Either we should choose to pursue economic development first, in order to reactivate the economy and lay the foundation for social development; or we should begin with social development. But the latter choice could in no way result in an improved economy, so dependence and underdevelopment would persist.

Let us begin to think the unthinkable. It is the so-called social cost that will finally have to be sacrificed in order to carry out the tasks of economic development. The sacrifice must be spread out equally among all sectors of Bolivian society; especially among management sectors, which at present have a great opportunity to put their philosophy into practice and challenge those who in the not too distant past maintained that the only alternative was to socialize the means and tools of production.

Let all Bolivians start this year with the best spirit and intentions to undertake the great tasks entailed in achieving national objectives.

The challenge has been made to government officials and the population at large; the nation needs for all of its citizens to join together, not just certain sectors.

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ECONOMIC CORRECTIVE MEASURES CALLED REALISTIC APPROACH

La Paz EL DIARIO in Spanish 4 Jan 81 p 2

[Commentary by Jose Riera Fernandez]

[Text] Someone asked my opinion about the recent message from the president of the republic concerning the nation's economic situation at the beginning of the new year. It was written with realism and clarity; the simple people of this nation have felt a certain tremor at the prediction of what can undoubtedly be considered a lean period, a very lean period, in the near future. Everyone is thinking of his own particular plans: something for the house, the children's trip abroad to get an education, savings that will permit a little better life than before. . . .

I think this is bad. If we begin with fear, and the predictions are too gloomy, it would not be surprising if this discouragement were a determining factor that made even more difficult any attempts to rectify the situation.

There is no doubt that the country is undergoing a very tough situation. A temporary situation.

But we must make people realize that we are still a nation on the march, that Bolivia is moving forward. While well thought-out corrective measures are being taken, I think we have been through worse situations and survived.

These are the facts: There is a real budgetary deficit of 810 million pesos. The balance of payments last September showed a deficit of $106 million. The effective foreign debt is $2.107 billion. Agriculture has experienced drops in production of up to 50 percent. Oil yields fell by 4 percent, and the construction industry suffered a 5 percent decline.

This is enough to give you a clear idea of how gloomy the picture is. But the presidential message does not tell us to sit on our hands, much less throw them up in despair, although it does present the real alternative of having to survive on jerky, potatoes and yuca as a last resort.

On the one hand, we must consider that this year exports should return to normal levels and be more productive than last year, although the price of tin has fluctuated downward in recent weeks. Oil production seems to have taken the

sensible path, finally, and the use of gas instead of traditional fuels will be made mandatory--irrevocably mandatory. This will give us enormous relief. Barring serious weather problems, which are not expected, agriculture will return to normal levels. In addition, there will be Japanese assistance to improve wheat yields. The foreign debt is easy to negotiate when the creditor sees that sincere efforts are being made domestically to meet our obligations. As far as domestic debts are concerned, I refer to my last comment about the relative ease of finding financial resources inside the country to deal with that problem.

I will not say that we face an easy domestic readjustment that can be solved simply by not going out to dinner a couple of nights, or making a suit last one more season. But the country is moving forward. There are others who are much worse off than we are, and are still coming out ahead. Think of Chile's huge foreign debt and its constant appeals to the Club of Paris. Now we see a Chile with an increasingly sound economy.

Let us consider that a new year is beginning. We must approach it with serenity and courage rather than throwing our hands to the sky and appealing for God's help.

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GOVERNOR MAGALHAES GIVES VIEWS ON POLITICAL ISSUES

Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Jan 81 p 4

[Interview with Antonio Carlos Magalhaes, governor of Bahia, by Raimundo Lima and Antonio Jorge Moura, date and place not given]

[Text] Salvador--The governor of Bahia, Antonio Carlos Magalhaes, yesterday dismissed the possibility that a national constituent assembly will be convoked by President Joao Figueiredo, but he foresaw that the congress to be elected in 1982 will have constituent powers, and will undertake the amendment of the constitution now in effect. He made no distinction between a civil or military candidate for the presidency of the republic, but he said that there is a natural aspiration in the country to have a civil candidate.

In terms of the Northeast, the governor of Bahia does not think whether the future president of the republic is chosen by the direct or indirect system is relevant. However he does deem important the commitment of the candidate to the economic demands of the region, which is waging a battle for a differentiated and continuous policy in relation to the Center-South of the country.
Mr Antonio Carlos Magalhaes believes the government is prepared to deal with terrorism and he does not fear the opposition. "Figueiredo has taken all their banners, one by one."

The governor of Bahia also insisted on the thesis that the PP [Popular Party] is a party "predestined" to support the president of the republic, although it will remain in the opposition until the 1982 elections. And he explained that there are leaders in the Popular Party who will never "at any time" align themselves with the radicals in the PMDB [Brazilian Democratic Movement Party]. He named some of these: Senators Tancredo Neves and Gastao Muller and Federal Deputy Thales Ramalho.

Reforms Conditional on Power in the Congress

[Question] What kind of political year for the country was 1980?

[Answer] The most significant development in 1980 was President Figueiredo's undertaking to send to the Congress an amendment making gubernatorial elections in 1982 direct. In addition to that, the formation of the new parties within the multi-party philosophy began, and the PDS [Social Democratic Party] organized

itself as a party. Also, the 1979 amnesties came into the political activity this year, as was the case with Leonel Brizola. It was a year in which politics played an active role and, consistent with the president's principles in promoting a more open democratic approach, all the steps were taken.

[Question] And what are the prospects on the political level for 1981?

[Answer] I believe that 1981 will be a year in which the other parties will organize. We will have a contest right at the outset, in February, for the presidency of the chamber. Then there will be organization of these parties at the base. Naturally, candidates for the state governorships will emerge, although the situation throughout the country will not be defined until 1982, at the conventions.

[Question] Will electoral reform be clarified within the coming year?

[Answer] There will be amendments in the federal chamber to alter the electoral legislation, but we do not know at this point whether this will be successful or not. First of all, because this will depend on who is strong enough in the Congress to dictate norms, and secondly, these norms are based on the interests of the deputies voting, which is entirely natural.

[Question] But specifically, will the government not take the initiative?

[Answer] I do not know if the government will take the initiative of submitting amendments. But it is obvious that, separately or together, amendments dealing with all of these matters we have put forth will be discussed--district voting, majority voting for deputies, optional appearance of the voter, linked voting, extension or elimination of the subgroups. Finally, this year will be a fertile one in voting in the congress on amendments.

[Question] How do you view the question of the PDS majority in the Congress?

[Answer] I believe that the PDS will have a majority in the Congress in the coming years. But I think that a majority, if it is not substantial, is a precarious one, requiring a very great effort on each vote to ensure that all the party members appear.

[Question] Is a majority indispensable to the government or not?

[Answer] Every party seeks to have a majority. Now this is not essential for the system to function. Among other things because on various matters, the opposition will not agree as a whole either. It will splinter on the basis of the interests of its components.

[Question] On what matter, Governor, might the opposition splinter, for example?

[Answer] I have not the slightest doubt that the philosophy of the vast majority in the PP is entirely different from that of the radicals in the PMDB. We will have problems in that things will be radicalized and men like Tancredo,

Thales Ramalho, Gastao Muller and others, who are in the PP, will act differently from the radicals in the PMDB.

[Question] You have said that the PP is predestined to be a party supporting the government. Can you clarify this prediction? On what basis do you say that?

[Answer] What I say is that the Popular Party is basically made up of people who left the PDS or the old ARENA [National Renewal Alliance], such as the former governors of Rio Grande do Sul, Parana, Bahia, Sao Paulo and many other states. These men have a philosophy of life, of the system, differing entirely from that of the more impassioned, more radical elements in the PMDB. After the elections, then, they will align themselves, sooner or later, with the sectors which are closest to them ideologically. And in this instance it would be the PSD. Now until the elections, it is natural that all of the PP elements will deny this, since for the time being they are interested in a coalition with the PMDB. However, I do not want to participate in the internal economy or to be a prophet in a foreign land.

The Multi-Party System

[Question] You have advocated priority for the resolution of economic problems, with the political ones to be resolved later. In his speech at the end of the year, the president of the republic spoke again of the economic difficulties the country will face in 1981. How can the economic difficulties influence the political situation?

[Answer] I defended the view, and I believe it was correct, that the economic problems required priority in June of 1979 over political ones, even the organization of the parties. I believe this was right, because if we had devoted ourselves wholly to the economy--and only the economy--then, we would have a stronger economy today and would be in a better position to implement the organization of the new parties, endorsing the multi-party system. This was what I thought. I was defeated, and forced to go along with the great majority, which preferred to deal with the issues simultaneously. We undertook then to organize the party in Bahia, where it is very strong, organized from the base up and in all the municipalities of Bahia.

[Question] But what are the differentiated effects of this conduct on the economy and on politics, in the PDS sector, with the 1982 elections in view?

[Answer] When there is a broad political opening, this inevitably affects all areas--students, workers, wages, culture--in a word a whole process. Obviously, when the people have a stronger economy, the more open political approach is effected more calmly. I mean that if we did not have such a high rate of inflation, if the balance of payments showed greater equilibrium, we would have greater strength for organizing a party. The just demands of society, which are already triumphing, would by the same token be taken into account.

[Question] In speaking of the return of the military to the barracks, would President Figueiredo be suggesting that the next president of the republic will be a civilian?

[Answer] I believe that the president of the republic was misinterpreted by the majority when he spoke of a return to the barracks, among other things because this statement was made within a certain context. The president meant that to the extent that we have political balance, the armed forces can return to their constitutional duties, guaranteeing security without any intervention in this or that sector. Now the military have always been in the barracks. They only emerge to prevent disorder, as happened in 1964.

[Question] Do you personally favor a civilian candidate?

[Answer] I do not distinguish between civilian and military. Either could be a candidate in 1984. However, it is obvious that there is a natural aspiration to have a civilian. This does not mean that the candidate will be a civilian, among other things because there are many military men, not only in President Figueiredo's administration, but outside it, who are capable of heading a civilian government, as President Figueiredo is doing. Perhaps a civilian would not promote as open an approach as President Figueiredo, who is a military officer, is doing.

[Question] From the point of view of the Northeast, would it be easier for a candidate to win the presidency of the republic through direct elections?

[Answer] It is of no importance to the Northeast whether the elections are direct or indirect. The important thing for the Northeast is that any candidate assume a commitment to the region to pursue a continuing and differentiated policy, which would be irreversible. It is not possible to have one policy today and to change to another tomorrow. We need a differentiated policy for the Northeast, so that as time goes by, not for one government term but for a generation, the existing interregional imbalance will be reduced.

[Question] President Figueiredo appealed to all Brazilians to unite to deal with the economic and financial problems of the country. Is there a possibility that the government and the opposition can move closer together, with the government even agreeing to opposition demands, in order to allow a union of the parties with a view to facing the crisis?

[Answer] I believe that the entire opposition must understand the difficulties through which the world, and Brazil in particular, is passing, among other things because if they do not understand their historic role, which is not to arouse passions but rather to seek useful solutions for the country, it will be hard for us to achieve the full democratic normalcy we all desire. The most intelligent thing for the opposition today then would be to aid in finding common denominators, such as direct elections in 1982 and full democratization of the country.

[Question] But the demands of the opposition . . .

[Answer] The demands of the opposition have all been taken into account. It was President Figueiredo who ordered the amnesty and the PDS majority which approved it. It was President Figueiredo who sponsored direct elections through an amendment he sent to the Congress. I do not know what these demands are . . .

[Question] The convoking of a constituent national assembly, for example.

[Answer] The single demand remaining pertains to the constituent assembly, but the opposition jurists themselves believe that this cannot be effected under the present congress. It would be necessary to give constituent powers to the Congress which will be elected in 1982, which is possible.

[Question] Then you foresee the convoking of a constituent national assembly in Brazil under the Figueiredo government?

[Answer] I believe that the next congress will have constituent powers. This is possible. This is a hypothesis I find viable.

[Question] The opposition has opposed electoral reform.

[Answer] Look. The opposition has been partly inconsistent. In its program, the opposition favored the multi-party system. Then it opposed it when the government sponsored it. Now it is again in favor of the multi-party system. In other words the opposition has varied greatly depending on how the wind was blowing.

[Question] But it does analyze the need for better living conditions for the people.

[Answer] But without seeking better conditions of life itself. The fact is the opposition offers no specific formula for improvements. It can suggest concrete formulas through the parliament or directly through the president and his ministers. And a number of opposition deputies have been demanding this: the opposition should abandon debate in order to propose concrete plans as to how to improve. Obviously, the government would accept this. Now what are these formulas? For the time being, have they only the formula of demagogy?

[Question] In your view, have there been excesses in the conduct of the opposition members pursuant to the government measures for a democratic opening or has their conduct been normal, within expectations?

[Answer] There have been excesses, which have even given rise to government suits in the supreme court. This, obviously, does not help the opposition and does not serve the interests of the country or the government. Thus a more balanced procedure by the opposition would be extremely useful for the process of democratizing the country.

[Question] During this year, terrorism, attributed to the right wing, has developed in the country. At the beginning of the last decade there were armed activities by the left wing. Some believe it possible that terrorism may occur again in the next 2 years, on the basis of discontent with the direct elections. What do you think?

[Answer] The government is fully armed to avoid terrorism, whether it comes from the right or the left. The government will not under any circumstances allow terrorist attitudes, because these only do great harm to the nation, at home and abroad.

[Question] There are those who say that terrorist action is the result of the political action of the government, because it is not possible to return to the earlier practices of torture, etc.

[Answer] I believe that there should be no torture, but I also believe that terrorists, such as those who victimize individuals, such as the OAB [Brazilian Bar Association] official, should not be complacent. There should be no complacency for the terrorists, be they of the right or left wing. But political development is occurring in the country. The country is aware that it must advance along the democratic path. For this reason I do not believe in terrorism. Obviously those who do not agree with this will be excluded from the process and there will be so few that they will not have the strength to create an atmosphere of terrorism in the nation.

[Question] And along this democratic path, Governor, is the legalization of the clandestine parties, such as the communist party, conceivable?

[Answer] I believe that any attitude favoring the legalization of the communist party now is extremely dangerous to the democratic regime. Thus the good sense of all, particularly the more radical elements in the opposition, if it is possible to have good sense, would certainly not suggest measures with a view to legalizing the communist party. Among other things because the congressional majority would be opposed.

[Question] Except for the recent episode on the occasion of the anniversary of the newspaper A VOZ DA UNIDADE, the government has tolerated public demonstrations by the communists. Why is the practice of politics allowed while the party is not legalized?

[Answer] Well, that is the case. This is yet another evidence of the tolerance of the government, evidence which should not be viewed as weakness but rather as tolerance of those who truly want to assert themselves democratically. If it wanted to block individuals who say they are communists and members of the communist party, the government has methods to do so. However, it is not using them because it believes that this would be the greater evil for the country. Thus it is tolerant, although it will not allow legalization.

[Question] How do you justify the use of two weights and two measures for the punishment of the military who discuss politics for or against the government? This is what is being said now, for example, concerning the punishment of Generals Euler Bentes and Andrada Serpa.

[Answer] The punishment was only moral punishment, solely to fulfill the army disciplinary regulation.

[Question] And why aren't the military who speak out in favor of the government punished?

[Answer] I do not believe that a consistent procedure is followed in the army. Now the army has its basic guidelines, to which it adheres. Above all with a view to maintaining internal security in the country, which is its basic obligation.

CARDINAL LORSCHEIDER DISCUSSES NATIONAL SITUATION, CHURCH-STATE CONFLICT

Sao Paulo VEJA in Portuguese 31 Dec 80 pp 3-6

[Interview with Dom Aloisio Lorscheider, cardinal and archbishop of Fortaleza, by Jose Maria Andrade, date and place not given]

[Text] At 56 years of age, now 4 years a cardinal, Dom Aloisio Lorscheider, archbishop of Fortaleza, is one of the most respected voices in the Catholic Church in Brazil. Recently, very serious statements about the Brazilian government have been attributed to him by the press. "The system is sinful," Dom Aloisio is reported to have said, "and it is necessary to change its behavior, its positions and its policies." Otherwise, the reports said, the cardinal would foresee a defeat of the PDS [Social Democratic Party] in the municipalities in which Base Ecclesiastical Communities (CEBs) exist. But despite it all, Dom Aloisio's image at the Planalto Palace has not been tarnished by the incident, and the cardinal continues to be regarded as one of the best-qualified interlocutors of the state in the Catholic hierarchy.

Former president of the National Conference of Brazilian Bishops (CNBB) for two consecutive terms, and of the Latin American Bishops Council (CELAM) and a member of the permanent council of the World Synod of Bishops in Rome, Dom Aloisio has amassed victories which make him most outstanding among the more important cardinals of the Catholic Church internationally. Despite the heart surgery, with the transplant of two vein sections, which he has undergone, he was endorsed at the conclave which elected John Paul I and John Paul II. In addition to this, the current Pope has honored him with special diplomatic missions, and his reports are an increasingly regular policy-making reference for the secretariat of state of the Vatican for Latin American affairs.

In the CNBB, which has voted heavily in his favor in its plenary sessions--this happened, for example, in connection with the selection of the delegation to attend the last bishops' synod meeting on the family--the cardinal's statements were regarded as his deepest incursion into politics. "The Church requires of us that we fulfill the fourth mandate of the law of God, which consists precisely of sharing in the common good," Dom Aloisio said. In this interview, he clarifies his views on politics and the actions of the Church.

The Church Does Not Want a Theocratic State

VEJA: Why did you say that the socioeconomic system of Brazil is sinful?

Dom Aloisio: The view of the Church, through its hierarchy, is that the socio-economic-political system we have adopted is a sinful one, contrary to the Gospel, one which requires profound change. The Church wants a structural change in the system, the establishment of a new international order in which the equitable distribution of goods, respect for the basic rights of the human individual and free and real political participation by all the citizens will in fact be a reality.

VEJA: Why did you speak of the system, and not the government?

Dom Aloisio: I criticized the system we have organized here. The government is one reality, and the system is another. The government comes within the system, as does the Church too, although it is seeking to free itself from it. Therefore I do not speak of the government, of the regime, but of the system under which we live. This is not an insult to the government, nor to the regime, nor to the Church, but the statement of a reality of which we are the victims.

VEJA: Is it only to escape situations of sin that the Church is obliged to fight against the system?

Dom Aloisio: The Church must fight against the system, also seeking to free itself. Therefore, I always speak of the need for a steady change. We will never have a pure world here--we will always have a mixture of grace and sin, salvation and damnation. But we must always struggle to achieve a greater experience of grace and to make salvation ever more a reality. This is the mission of the Church.

VEJA: When you say that the economic and political-social system organized in Brazil is sinful, are you not placing the Church in the position of a superpower capable of judging the other powers?

Dom Aloisio: When the Church judges, it does not do so as a power, but is only rendering an evangelical service. Our Savior also judged, and he did not set himself up as a superpower, but as a servant of Jehovah, working in the service of mankind to free it. The Church does not do this in the conviction that it is entirely virtuous, entirely pure. It does not judge persons, it judges situations, and this is its obligation. What is contrary to the Gospel, the Church has the right and the duty to note. The government can accept this contribution or not. I believe that in a democratic country we should be very open to criticism. It may even be unjust. But sometimes even unjust criticism can be constructive.

VEJA: But this view, this judgment of society and the system--doesn't it lead in the end to the defense of a theocratic state?

Dom Aloisio: On the contrary, the Church would never want a theocratic state, but always a democratic one. A democracy of participation, in which I, for example, not only can have my say but am in a position to say it freely. And in which one

has the opportunity truly to participate and assume responsibility, which are things inherent in the very concept of participation. It is this which the Church seeks: a true democracy, not a theocracy.

Praise for No Party

VEJA: What do you think of President Joao Figueiredo's proposed more open political approach?

Dom Aloisio: I believe that any opening is good when it seeks the common good, of which we must never lose sight. An opening which harms the common good would no longer serve. We must keep always in mind that our freedom is in some way limited by the common good and that it requires, for example, attitudes of respect for and understanding of others.

VEJA: But in the specific case of Brazil, does the open approach meet all these requirements?

Dom Aloisio: You see, as it is today, it falls far short. It is necessary to take many more steps.

VEJA: What steps?

Dom Aloisio: First of all, it is necessary that we all be able to participate, which is not really happening. This open approach is often being hindered by the politicians themselves, because in our country there are not always very pure intentions in politics. Also in party politics, individuals must know how to surrender their viewpoints and place them in the service of the common good, renouncing regional preferences to the benefit of the entire country. Unfortunately this is not what is happening.

VEJA: What then are the present parties lacking?

Dom Aloisio: They lack true ideals, which I do not see in any party. First of all, each party should have its ideals, its line of political thinking. But political in the sense of seeking the common good of the country, and fighting, working for this program.

VEJA: Do you even believe that the government will lose the elections?

Dom Aloisio: It does not interest me who loses or does not lose the elections. What interests me is for the people to have a voice and opportunity, and freely so. That the electoral yoke, which is another source of shame for Brazil, cease to exist. It is this which does harm to healthy political life in the country. What we need is to aid our country--and this is the true open approach--so that all of our people can vote freely, and it is necessary that we be prepared to accept the results of the elections.

VEJA: Is the Church also combating the electoral yoke where it concerns the opposition?

Dom Aloisio: But this is obvious. This aspect is not only characteristic of the government party, but of all parties, which fear the loss of their electoral sectors.

VEJA: But you who express yourself so harshly about the parties are accused of nurturing sympathy for the Party of the Workers--Lula's PT.

Dom Aloisio: I have never praised that party nor the PMDB [Brazilian Democratic Movement Party], nor any party. I was asked about the government party, if it would win or lose the elections because of the Base Ecclesiastical Communities. I said I never considered that. The base communities merely help people to form critical judgments. If thereby people turn against a party, that of the government or any other, then that party should think seriously about it, because something is certainly going wrong and it is displeasing the people. I would not praise any of the parties which exist in Brazil at this time.

VEJA: What would you say then about the fact that the so-called pastoral agents are engaging in political party action?

Dom Aloisio: The pastoral agents, as such, cannot make this party choice. They can do so, but as civilian citizens. Thus it is that those who occupy ministerial posts within the Church are increasingly urged not to participate in party politics.

Infiltrations Everywhere

VEJA: But Dom Tomas Balduino, who is bishop of Goias, is being mentioned as a PT candidate for the Mato Grosso government.

Dom Aloisio: I have not heard anything about that. Obviously any bishop, any priest, is free to vote for whom he wishes, but freedom to vote is one thing, and engaging in party politics is another.

VEJA: Why, then, when questioned by the government, does the Church naturally identify with the opposition?

Dom Aloisio: There is a very great difference between the Church and the opposition. Obviously, there may be points in common. But this does not mean that the Church favors the opposition, because the opposition is partisan, and the Church is the principle of unity, seeking the salvation of all individuals and not just those who are in the opposition.

VEJA: How do you view the recent criticisms from the upper Catholic hierarchy concerning communist infiltrations in the Base Ecclesiastical Communities?

Dom Aloisio: There is not just infiltration in the CEBs. It is everywhere, in the parishes, in the dioceses, in the army, in the universities, in the schools, in the ministries, in the government. We are living in a world in which, unfortunately, we must accept the coexistence of good and evil. Christ himself said that this would be our life until the end of time. And Our Lord even said not to

pull everything up now, but to wait until the end, so as to avoid pulling up the wheat along with the tares. Thus he taught us this lesson of caution. These infiltrations will always exist, they always have. Even St Paul spoke of infiltration which should not have occurred among the early Christians. Thus these infiltrations are merely the consequences of the fact that we are human, limited, and in general very egotistical.

VEJA: What organization or party has succeeded best in infiltrating the Church?

Dom Aloisio: I cannot say anything about this now, for to date I have perceived no definite infiltration. I have only noted the efforts of individuals to infiltrate. The infiltration comes from all sides.

Better to Be Than to Have

VEJA: The Church has been questioned even by its own bodies, as happened in the Bertrand Russell court case in which the Salesian missionaries were condemned by members of the CIMI [Native Missionary Council]. Do you believe that the Salesians were right?

Dom Aloisio: The Salesians working on the Negro River have always worked with great goodwill and along the lines they believed most correct. If we could show the Salesians that they truly erred, I am certain that they would be the first to change direction. For what they want is not their own good, but that of the Indians. It is clear that along the path we are pursuing today to know peoples better we are also discovering their cultural values to a greater extent. In the past, the Salesians and other missionaries, here and in other countries, sometimes fail to take this aspect of culture into account. Today it is being much more highly valued. But we must also recognize that we still do not have very clear concepts. One of the great problems the Church faces today in these days of renewal is what we call the evangelization of culture, the encounter between the Gospel and culture.

VEJA: Do you see any connection between this renewal of the Church and the expansion of other faiths, such as the Umbanda religion and the Pentecostal sects?

Dom Aloisio: What the renewal does is divide the waters. If we examine the Church of 40 years ago and the Church of today, we will find great differences. If I did not have faith in the path of the Church, then obviously I could become offended and leave it. Today we are faced with a more mature and more aware choice of faiths. Those who maintain a purely traditional faith will not survive the impact of a Church which is renewing itself, this is certain. It is the Holy Spirit which is pushing the Church to renew itself.

VEJA: The dialog between the Church and the government from 1964 on has passed through periods of turbulence and periods of calm. The current president of the CNBB, Dom Ivo Lorscheiter, has not yet been asked to meet with President Figueiredo. What kind of period are we passing through now?

Dom Aloisio: I can speak only as of the time of the Costa e Silva government, during which I was elected, still as a bishop, secretary general of the CNBB.

Well then, President Costa e Silva himself very often sponsored direct meetings between the CNBB and the government. Or else a citizen such as Adroaldo Mesquita da Costa served as an intermediary. Later, the CNBB formed a work group with the government, which met monthly to deal with somewhat delicate problems.

What the situation is now I could not say. Now having a meeting or not depends on circumstantial issues. Very often the president has no time. I do not know the facts and I cannot judge. What is certain is that there are always efforts on both sides.

VEJA: What is the cause of the division between the Church and the government?

Dom Aloisio: Basically what divides us is the very concept of development which exists in the country. Ours is a qualitative and not a quantitative concept of development. The concept the government has today and pursues in its policies is the quantitative concept. And it is precisely here that we recall that it is better to be than to have. It is necessary to have, but not to have as the supreme value, without being. It is here that our most basically critical position with regard to the development being pursued is situated.

VEJA: Has this been a recurring theme during the meetings between representatives of the Church and the government?

Dom Aloisio: Yes, as well as in the cases of persons who are missing or have been arrested or tortured. And again concerning the priests' demonstrations concerning situations which were viewed by the government as subversive. These are the famous infiltrations. In general, the basic discussion was about what the role of the Church and that of the government should be. But basically we never succeeded in making progress.

VEJA: Meaning, then, that if the system does not change the conditions for understanding do not exist?

Dom Aloisio: I do not say that the conditions for understanding do not exist. They always do. Dialog is always possible. I only say that the present government can never expect from the Church a "yes" to the socio-political-economic system prevailing among us, because the Church cannot, in conscience, regard what is structurally contrary to the plan of God evangelical.

VEJA: Could one expect more clashes with the government?

Dom Aloisio: What can always be hoped is dialog, in which it is possible to set forth the various views, attitudes, ways of seeing the world of today. And in this connection there will always be problems, because on neither side are we pure and virtuous. The search for truth and perfection is a continuing search.

Expulsion of Father Miracapillo

VEJA: How do you view the expulsion of Father Vito Miracapillo?

Dom Aloisio: I believe this was a very unfortunate thing. A war was waged, a tempest in a teapot. And, unfortunately, many drowned in this tempest. I think that with a little more calm and tranquility, without getting involved in a very local dispute, we could have avoided the whole of what is almost a scandal. And we would have gained a great deal in our image in the eyes of the world, as the nation we are, if the matter of Father Miracapillo had been handled with greater discretion, with less bitterness and passion.

VEJA: Do you regret the lack of discretion on both sides?

Dom Aloisio: Above all on the part of the politicians, who, being self-seeking, caused the scandal.

VEJA: Did the Church agree to remove Father Miracapillo to avoid the problem of expulsion?

Dom Aloisio: I do not believe the Church should have agreed. For in my view, it was an isolated, singular case. Father Miracapillo was not capable of destroying Brazil. Nor will the Church end with the departure of Father Miracapillo.

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CSO: 3001

STUDY SHOWS NATION HAS 20 MILLION ILLITERATES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Dec 80 p 12

[Text] Although the Brazilian Literacy Movement (MOBRAL) has estimated that 7 million Brazilian adults (over 15 years of age) are illiterate, preliminary 1980 census tabulations, which will be completed in the middle of this coming year, reveal the existence of no fewer than 20 million individuals in Brazil who can neither read nor write. To this figure must be added the fact, also a conclusion of the IBGE [Brazilian Institute of Geography and Statistics] studies, that there is ever-increasing demand for intensive literacy programs, because Brazilians are not studying at school age.

Apart from the purely numerical considerations, another point should be taken into account by the new minister of education, Rubem Ludwig, if he is interested in this matter: the figures show that the population learning to read and write in special programs tends to slide back toward illiteracy, for lack of continuity in their education. This conclusion was reached by the Congressional Investigating Committee appointed by the federal Senate to study the MOBRAL achievements.

In its publications, the MOBRAL reports teaching 14 million Brazilians to read and write in its 10 years of existence, between 1970 and 1980. In the period between 1970 and 1976, 2,306,000 Brazilians were included in the adult illiterate category--over 15 years of age, so that teaching them to read and write became the responsibility of this body.

The number of illiterates of school age--from 7 to 24--serves to provide an indication of the increasing demand for the services of the MOBRAL. In 1970, this population age group included 18,574,000 persons without any schooling, with an increase 6 years later to 22,037,000 Brazilians. The figures serve to show that despite the fact that illiteracy is on the decline in the country in absolute terms--from about 31 million in 1970 to 26 million in 1976, and something like 20 million in 1980--the problem is being handled in the same way the government approaches health: no prevention, while a great effort is made to effect an always uncertain cure.

Even the decline in the figures is insufficient to guarantee the estimated illiteracy level for this year, 1980. The inadequacy of the estimate is made clear by an analysis of the indices for the 30-to-34-year age group, remaining at 21 percent, and the 55-to-60-year age group, unchanged at 37 percent.

The National Home Sampling Study (PNAD) for 1976 showed an illiteracy rate of 25.9 percent, representing 10,054,000 persons, out of an economically active population of 38,886,000 Brazilians. Of this total, 48 percent of the illiterates were engaged in agricultural activities and 12.6 percent in non-agricultural activities.

According to the "social indicators in the 1979 report" by the IBGE, "even in the age group which is empirically the most literate, between 15 and 19, the illiteracy rate was still 13.7 percent" in 1976. On the basis of this figure and "the negative curve seen in the process of increasing enrollment of literate students by the MOBRAL since the 1975-76 2-year period, the study concludes that "it does not seem justified to anticipate a definite improvement in the literacy situation."

"It is evident," the study goes on to say (p 300), "that the age group defined constitutionally for compulsory schooling--7 to 14--did not in 1976 even guarantee the minimal educational requirement, that is to say 'knowing how to read and write,' for 47 percent of the 8,162,000 children between 7 and 9, nor even for 18 percent of the 13,748,000 adolescents between 10 and 14. In terms of the policy for eliminating illiteracy, this fact shows that the process of generating future clients for the literacy program is not being dealt with at the source. Along with this, the fact that the highest literacy index is found in the 15-to-19-year age group seems to reflect, on the one hand, the fact that being literate is a requirement more of active economic life than a sociocultural prerequisite as such, for persons under 15."

The fact that the educational system has not helped a third of the population in the legal school-age group--7 to 14--can be attributed in part to Law No 5692/71, which extended compulsory education to the 8th elementary series, multiplying the population to be served, which was formerly from 7 to 9 years of age. This regulation led to a reduction in the service capacity of the educational system, forcing the same structure, already inadequate, to accommodate more than double the number of children.

This mistake in planning dimensions is evidenced by the number of student slots available in the four first primary-level series, which declined both in Sao Paulo and in Rio, according to surveys made in 1975, by the socioeconomic analysis bulletin and the state plan for 1976-1979, respectively.

Thus the country had at the end of 1976 more than 7 million children between 7 and 14 years of age without access to schooling, as compared to 5.9 million not enrolled in school in 1970. The regions covered by the southern states, including Rio de Janeiro, and the states in the North and Center-West, had the highest rates of growth in the population not in school.

The figures, the statements and the expectations are not encouraging. This is particularly true of the fact that the very body responsible for eliminating illiteracy in this country is entirely unaware of the illiteracy situation in the country. But there is always time to correct errors, and the responsibility for organizing the teaching of reading and writing to Brazilians now falls to General Rubem Ludwig.

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JORGE RISQUET ADDRESSES CONSTRUCTION WORKERS

Havana GRANMA in Spanish 10 Dec 80 p 2

[Speech delivered by Jorge Risquet, member of the Secretariat of the Central Committee of the Cuban Communist Party, during the main national ceremony in celebration of Construction Worker Day held at the Santiago de Cuba oils and lubricants mixing plant on 5 December 1980, the "Year of the Second Congress"]

[Text] Just a few days after our party's Second Congress, committed to their great and important task, Cuban construction workers, along with the whole nation have come together to celebrate "Construction Worker Day."

As the years go by, this celebration has been turning into a beautiful tradition among workers in this industry.

In celebrating their day, construction workers are also rendering a well-deserved tribute of admiration and gratitude to that unforgettable comrade, the humble black construction worker, who once heard from Fidel himself that, to build a new nation, we had to trade the mason's trowel for the fighter's rifle, tear down the walls of Moncada and overthrow the bloody tyranny that was defending them.

The walls of oppression withstood that first revolutionary assault. We had to carry on the fight. Armando Mestre, along with Fidel, Raul, Almeida, Ramiro and other comrades who survived the assault on "the Moncada," opposed the ominous legal farce of the dictatorship, with fortitude and patriotic pride received the unjust sentence of the Batista court, suffered confinement in the harsh prison of Isla de Pinos, whose bars opened the way to mobilization of the people, and set out for Mexico, which constituted the path of preparation for the return to an enslaved fatherland, clutching the weapons of freedom in their hands.

Three days after the Granma landing, Armando Mestre fell in battle at Alegria de Pio. That 5 December 1956 was a sad day, a grievous setback for the expeditionary force.

But, in the revolutionary struggle setbacks are necessary stages on the long road that leads to victory. Today the victorious people of Cuba are commemorating this day as a joyful day of homage to the construction workers, of remembrance of Armando Mestre whose example is multiplied in every job that contributes to the revolution.

Instituted several years ago, this commemoration is an occasion on which the entire nation recognizes the valuable contribution the construction workers make to the country's economic and social development, one which permits us to take stock of the achievements we have made, critically evaluate the shortcomings that still persist and plan future tasks.

Holding the Construction Worker Day ceremony in this province, which because of its meritorious efforts has been chosen as the celebration site on more than one occasion, gives us cause for deep satisfaction. This represents an incentive for those workers who have made possible the completion of projects of the magnitude of precisely the one we are inaugurating today.

With the start of operations at this lubricants mixing plant, we complete a major portion of what will be the Santiago de Cuba Petrochemical Complex, in addition composed of the Grease-Processing Plant, the Used Oil Recycling Plant and expansion of the Hermanos Diaz Refinery.

Industrial Projects Construction Enterprise Brigade No 11, which has built this 19,147-square-meter processing plant, which once it is operating at full capacity will enable us to replace current and future imports of oils and lubricants, is composed of some 1,250 workers, who are also responsible for the rest of the units for the complex what are under construction.

The members of this brigade constitute a true example of tenacity, industriousness, discipline, fighting spirit and collective enthusiasm.

Among the country's industrial development projects we owe to the creative efforts of the Santiago construction workers are, to mention but a few, the new units for the Rente Thermoelectric Works and the 80-million-square-meter Textile Complex for the manufacture of fabrics which will be the largest mill of its kind and form one of the basic elements of the textile program, a program in which we have also made great advances during this 5-year period in terms of modernization, expansion and the creation of new production capacities.

Because of its importance for the publishing industry, which is responding to our growing needs for books, we should also mention the Palma Polygraphy project.

It is approprate for us to point out some of the results obtained in the administration of the province which were decisive in its winning first place in the national competition for the locale of the Construction Worker Day ceremony.

When the results were verified to determine the winner of this competition, that is, at the end of October, Santiago de Cuba had met 107 percent of its production plan, having turned out products whose value amounted to 114.3 million pesos. Economic and financial indicators behaved satisfactorily since the productivity obtained was 10 percent above that specified in the program while the real cost was less than 5 percent of the planned cost, all of which probably contributed to the fact that it realized a profit 47 percent higher than that set by the plan.

The effort of the Santiago workers resulted in the fact that they completed many projects, among them 685 housing units, 10 educational centers and 2 farm and livestock units.

The day before yesterday, the 3 December, the province met its annual production quota 28 days ahead of time. Since Santiago workers are not in the habit of resting on their laurels, in the remaining weeks not only will they achieve an overproduction of about 10 percent of the 1980 technical and economic plan, but also many projects will be completed and the material and financial resources employed in doing so will be converted into assets for public use.

I have been witness to the selfless efforts of the Santiago brigades which, with the help of other provinces, are laying out the Alto Cedro line of the Central Railroad, confronted with formidable topographical obstacles that have forced them to put up big bridges, broaden and repair deep depressions for the new line and remove dips and hummocks from the landscape. All this has made completion of the grading and laying of the rail line very difficult. But the battle must go on, irrevocably, during the next few days until we succeed in getting the express train to run along the new rail line from Havana to Santiago de Cuba.

The program for the enlargement and modernization of the ports is also being tackled in this province. Several docks have been delivered and other piers and port facilities are being built.

The economic importance of these projects for maritime and rail transport demands that the priority effort for their more rapid progress be maintained and promoted. The construction of warehouses for the domestic economy, as well as of cold-storage plants, is also part of this program for greater efficiency in the transporting of freight and better preservation of goods.

Worthy of note is the effort expended by Brigade No 16 of Industrial Projects Construction Enterprise No 11 which is building this town's farm and livestock cold-storage plant and which recently won the special industrial projects competition, thereby earning the Ho Chi Minh Red Banner.

This group of 139 outstanding construction workers will fulfill its commitment to complete three cold-storage vaults in honor of this day, has in approximately 3 months time advanced the schedule for completion of the job and has set itself the task of delivering one vault a month in 1981 until it has delivered the 21 vaults this plant is counting on.

I take the liberty of reiterating here our salute to the workers of the Jose Merceron Cement Works. Scarcely a month ago we received with joy the news that they had succeeded in completing the 1976-1980 production plan.

This plan was for 2.95 million tons for the 5-year period. The Merceron titans have achieved this objective and are not dismayed by the production effort needed to complete the plan for the year, unrestrainably approaching the 3 million tons of cement mark. What a magnificent salute to our Second Congress, what a formidable support for the national economy!

Construction workers th oughout the country, who these past few years have suffered from a shortage of cement, have received with joy the news of the Jose Merceron collective's feat just as they have the news that the new Carlos Marx Works in Cienfuegos will easily surpass the initial quota that had been set.

We expect to overcome the difficulties that have arisen in putting the Mariel Works production lines into operation and we have no doubts about the Nuevitas, Siguaney and Artemisa collectives' aim of making 1981 a year of filled quotas, all of which will enable us to produce more than 3.5 million tons of cement next year.

Comrade Construction Workers:

During the 1976-1980 5-year period industrial projects were given real priority in the field of construction, /tripling/ [in caps] the volume completed during the 1971-1975 period and realized through the completion of over 300 projects throughout the entire country.

Behind the completion of the first two mills built under the revolutionary government, the "Battle of Las Guasimas" in Camaguey and the "30 November" in Pinar del Rio, lies a fact of singular importance. MINAZ [Ministry of the Sugar Industry] construction workers will deliver two new sugar mills in 1981, in Granma and Cienfuegos, and have already begun and will begin work on others that will also be producing sugar during the 1981-1985 5-year period. That is, the construction program for new mills is functioning as an important part of the objective of increasing production in our primary industry.

In addition to this complex, during the next period the nation's construction workers will have to engage in new and important projects in the chemical industry which constitute part of the second 5-year plan, among which particularly worthy of note are the construction projects for the new Cienfuegos refinery and enlargement of the Nico Lopez Refinery in Havana.

In future the energy development program will require an even greater effort and priority status in order to successfully complete the new units for the energy complexes at Rente, Nuevitas and Mariel, the thermoelectric plants at Este de la Habana and Matanzas and the first nuclear electric power plant, to be built in Cienfuegos.

Thanks to the fraternal aid of the Soviet Union, during the next 5 years our country will enter the atomic age with the peaceful utilization of nuclear energy just as we have incorporated ourselves into the cosmic age during the present 5-year period with Romanenko and Tamayo's Soviet-Cuban space flight.

The cooperation of the Santiago construction workers is still necessary, as well as that of those in Guantanamo, Granma, Villa Clara and other provinces of this country in process of construction, for the Punta Gorda Nickel Plant, in the province of Holguin, which should be completed during this 5-year period, and the second plant in Camarioca, as will as other industrial and public works projects that are going up in Moa.

Projects involving the steelworking and machine insustry remain an objective of vital importance: the second and third stages of the Antillana Steel Mill, expansion of the Las Villas Machine Plant and initiation of work on the big self-contained steel mill north of Holguin, among others.

Of no less importance is the hydraulic program covering dams and irrigation canals for our farm sector, as well as aqueduct and sewerage projects which will show a considerable increase in number by comparison with the 5-year period now coming to an end.

Along with investments in industry, farm and livestock production and transport, we will have to tackle public works programs for health, education, tourism and particularly the construction of urban and rural housing, which will have to be subjected to a sizable increase during the 1981-1985 period.

These past 21 years the extraordinary development of construction has transformed the face of our fields and cities with the addition of new schools, hospitals, factories, highways, children's centers, housing and farm and livestock centers, which demonstrate how the revolution has reached every nook and cranny of the island.

Therefore, the stocktaking is highly favorable and we know that, despite the material difficulties and limitations and problems of a subjective nature that we have had to face, Cuban construction workers have honorably responded to the confidence placed in them by the revolutionary government.

As far as both the projects we have referred to and many others contemplated in the investment program for the period are concerned, increasing efficiency in the field of construction, reduction of planning, construction and assembly deadlines and improvement of the quality of constructions are imperative.

We cannot shirk the obligation of referring to the shortcomings that are still evident and which threaten the quality of the projects. Quality is not an abstraction, rather something that can be measured, tested.

This is no secret, not to you construction workers either, who know when a job has been completed with the necessary quality and when it hasn't; nor is it to all the people, who suffer the consequences when a school, a hospital, an apartment building or a factory develops leaks — to mention the lack of quality problem that most often recurs. It is no secret to anyone that one of the most important and pressing issues to be resolved is this one having to do with quality in terms of plans, building materials, project execution and completion.

Encouraging is the fact that construction workers have joined in a tough battle designed to eliminate violations of technological discipline and the lack of exigency affecting the problems already evident in the production of prefabricated elements, in the completion and in the assembly of water system and plumbing installations, in the poor waterproofing of roofs, in the faulty compacting of embankments and improper welding in the assembly of prefabricated elements, to mention only some of the most common ones.

Aside from affecting the esthetics of these works, these problems reduce their useful lives and give rise to higher maintenance costs. Hence the necessity of stepping up the efforts of the union and the administration for the purpose of finding out what is threatening the quality of the projects.

We also note with satisfaction that internationalist construction workers have succeeded in erecting high-quality works in several countries, which has earned them acknowledged prestige.

The year 1981 will demand of all of us more thoroughness and rigor in the development and carrying out of anticipated construction plans, the granting of priority to projects that cannot be postponed from the economic and social standpoint and that we thus concentrate on a more limited number of investments, fundamentally on those we can be absolutely certain will offer guarantees that they can be rapidly completed and gotten into operation.

We have to increase utilization of the material resources of our national production since, to the extent we are capable of substituting national resources for imports, we will have greater opportunities to expand the volume of construction which is today limited because of this.

Sensible use of resources and the most rigorous spirit of economy must govern our activities. This principle, valid for nationally produced material products, will be applied with greater rigor where imports are concerned. Everyone must participate in this battle if we are to avoid the losses that are produced in handling, shipping and storage, as well as in failure to apply consumption norms.

We must face up to the tasks required to improve the use and operation of equipment. The labor union movement and administrative agencies must work to raise the level of training of workmen so that technical parameters will prevail, insist on the application of daily maintenance and supervise performance and the quality of repairs.

Another aspect of the situation that must be looked into from the technological standpoint has to do with the plans. We must eliminate the practice of delivering plans late or partially completed. We dare not lose sight of the fact that they constitute the basic way of economizing on materials and labor and of providing better organization of the work as a whole. We must therefore seek optimal solutions, economically evaluated, and require the use of documented plans as an instrument of guidance and quality control.

It will also be necessary to increase the labor force and the amount of resources allocated for repairs and maintenance, thus obtaining a stable policy of conservation and salvage of construction jobs for the purpose of keeping deterioration to a minimum and of salvaging buildings, works and roads in poor condition.

We also have to step up delivery of materials to the population to guarantee repair and maintenance of their housing.

Comrades:

Concentration on the men, their training, their protection, their organization and their working and living conditions is and always will be the fundamental factor in increasing efficiency in construction work.

Out of an enrollment of 6,248 comrades, this year's training program produced 5,011 graduates, a remarkable number, of whom 4,039 are skilled workers, 522

semiskilled technicians and 420 management staff. The retraining program also produced about 2,000 graduates out of an enrollment of 2,517.

These positive results permitted us to plan an enrollment of approximately 7,000 students at the various levels for 1981. At the present time several measures have been adopted and we have been working within a system of schools that will guarantee the competence of our workers through more effective utilization of instructors, workshops and educational materials which in turn will permit teaching staff to advance and practically apply their knowledge by means of a clearcut methodological and pedagogical effort.

Unfortunately, we cannot say the same for the mission of job safety and hygiene. Far from diminishing, on-the-job accidents last year increased. This is inadmissible.

It is imperative that the administration adopt as many measures as may be necessary to keep accidents from occurring, the immense majority of which are caused by unsafe working conditions, violations of provisions of the laws in effect by local administrations and failure on the part of the workers themselves to observe the measures designed for them.

You may recall that I spoke to you about this in October and now I reiterate what I said for the Santiago workers and for construction workers and enterprise administrators throughout the country. As I said to you at that time, the union has the right and the duty to keep watch and with all its energy insist on more rigorous observance of standards of job safety and hygiene.

Notable advances in the increment of productivity and in the organization of the labor force and wages have been made this year.

This is truly a very positive achievement. We might say that those objectives Comrade Pedro Fernandez has just explained and, as he said, the fact that about 127,000 workers grouped into over 6,000 crews are paid on the basis of performance and observance of the rules represent a veritable jump in quality. And 60,000 of these are paid under contract.

This is undoubtedly one of the great achievements of this year, one for which MICONS [Ministry of Construction] staff and Construction Union leaders have worked intensively.

The improvement of equipment maintenance, completed plants, plans, equipment and accompanying accessories and spare parts, these tasks which are of primary importance, will in future make possible a steady approximation of wages to the norm and the extension of payment governed by contract and a sustained increase in labor productivity.

To accomplish this, socialist competition constitutes a powerful and irreplaceable instrument. Last year competition in this sector gathered strength. This ceremony itself, so full of enthusiasm and competitive spirit, is a sample of the strength competition is gathering.

We must go on advancing, continue to make known to workers the objectives of socialist competition and improve the system of incentives so that it may become a powerful mass movement, more and more so with every passing day.

I want to especially emphasize the formidable job the National Union, the provincial councils and the union sections are doing in promoting voluntary labor. A magnificent example of this is the one Comrade Hurtado, the head of this brigade, referred to when he told us that 400,000 hours of voluntary labor have been performed here this year.

Construction workers' contribution to the sugarcane harvest is also undoubtedly a formidable one. Comrade Pedro Fernandez reported that, as during last year's harvest, construction workers serving as canecutters have cut no less than 192 million arrobas [1 arroba = 25 pounds] of cane.

I am certain that, after this harvest is over, we can salute a contribution of no less than 200 million arrobas of cane by construction workers and, meanwhile, the rest of the construction workers will guarantee fulfillment of the Economic Technical Plan. We are certain of this.

Speaking of socialist competition, we have to mention the National Labor Heroes, who belong to this sector, and the example they daily set for the mass of men and women who every day deliver every ounce of energy they can for the great work of socialist edification.

Nor can we today neglect to mention the 2,466 comrades who, throughout the country, are to receive the Armando Mestre Medal which accredits them as workers with 25 or more years of service in the construction industry. Let those who have today symbolically been awarded this prized distinction receive the respectful homage and affection of our entire nation because of the wealth of experience they have bequeathed to the new generations that have begun to work in the fine occupation of builder of the future of the nation.

Comrade Construction Workers:

We are fully convinced that in this, as in the other tasks Cuban construction workers face, we will come out ahead, because we are relying on a brigade of revolutionary men and women, capable of accomplishing the most difficult of feats, firm and determined to contribute their maximal effort and sacrifice at the altars of the revolution's work of creation and of socialism inside and outside our nation.

On a day like today, when construction workers are with dignity celebrating this day, let us think of our thousands of comrades who are today also celebrating this day in far-off lands where they offer their services.

Messages have reached us here, during this ceremony, which have filled us all with emotion, messages from the Cuban construction workers in Angola and Libya.

We also extend the gratitude of the party and the people of Cuba to our internationalist construction workers who, in countries like Angola, Libya, Iraq, Nicaragua, Grenada and in other parts of the world, provide one more demonstration of the Cuban revolution's practical policy of internationalism and solidarity in

building schools, opening roads, transforming cities and putting up bridges for the handsome contribution they bring to economic and social development in various countries and their contribution to the introduction of hard currency revenue for our economy.

Whenever we come to Santiago, to this city of the Maceos and Guillermon, we remember its rich history, filled with imperishable deeds and actions. When we walk along these streets and squares that bore witness to the rebellious spirit of this indomitable eastern part of the country, names like Renato Guitart, Tony Alomá, Pepito Tey and the unforgettable Frank País, who symbolized the firmness, valor, heroism and patriotic and revolutionary fervor of this fighting people which is the faithful representative of our nation's tradition of struggle, come to mind.

We want to mention the work the Union of Young Communists (UJC) has been doing in the ranks of the army of construction workers, which organization, through its participation in tough jobs, stamps them with the seal of the constant and selfless effort the militant attitude of the vanguard of our youth typifies.

The effort made by you is worthy of everyone's warm recognition. In the name of our people and our party, the greeting Fidel has sent you and which was read here today is a public acknowledgment of the effort and successes you have achieved. And that is the collective effort of the workers, their labor organizations, their technical and administrative staffs, the party organizations and the UJC.

And I would like to congratulate the workers and their unions, the experts and administrators of the MICONS and the enterprises and the party organizations and agencies on the effort made during the year and on the results obtained, in congratulating Comrade Marsilli, the provincial secretary of the SNTC [National Union of Construction Workers], Comrade Julio Cesar Delgado, the MICONS provincial delegate,andd Comrade Jose Ramon Balaguer, the first secretary of our party in the provinces.

We would also like to congratulate the construction workers of the provinces of Sancti Spiritus and La Habana for the effort they have made this year, as a result of which they won second and third place, respectively, in the industry's special competition.

We would like to express today our gratitude to the technicians and specialists of other countries that lend us their solidary aid in the field of construction work and particularly to the group of Soviet comrades who are working on this important project and on all the projects in the region.

We urge everyone to face the tasks that lie ahead of us next year with the spirit they always have, with the tenacity and determination that have been typical of the deserving men in the white helmets and to continue to serve as the repository of the confidence the people have in you.

We renew with more force and vigor than ever the Proclamation of Santiago de Cuba, issued by the construction workers 3 years ago, on a day like today. We confirm our commitment to always be ready to accomplish the mission we may be charged with by the party and the revolution, to be ready at any time to build anywhere in Cuba, anywhere in the world, and to be ever ready to defend the Cuban revolution and its Marxist-Leninist principles, wherever we may be, with our own blood if necessary.

Long live the worthy men in the white helmets!
Long live our party's Second Congress!
Long live our commander-in-chief, Fidel!
Fatherland or death, we shall will!

11,466
CSO: 3010

SENATOR FORECASTS ECONOMIC RECOVERY, CRITICIZES STRIKES

Lima EL COMERCIO in Spanish 16 Jan 81 p 4

[Text] The president of the Senate, Oscar Trelles Montes, stated yesterday that the measures recently decreed by the government will have beneficial effects for all within 6 months to a year. He also said that within 2 years Peru's economy will have recovered.

He made these statements during a far-reaching dialog he agreed to have with journalists in order to comment on the consequences of yesterday's strike. He termed the strike "a failure in terms of its effort to destabilize the government, because it was attempting to bring down democracy; there can be no doubt of that."

He added that on 18 May the majority of Peruvians elected a democratic government which must remain in office until 28 July 1985. Efforts are being made to "increase sources of employment and investment," he said.

Then he commented that "the people understand that the measures taken by the government have responded to a sense of obligation, of responsibility," because "we are aware that our popularity as politicians will not be enhanced by these steps."

He also stated, "If we were irresponsible politicians, the only thing we would seek would be popularity."

Not Labor Oriented

Commenting on the results of the strike, the senator pointed out that it was not a labor oriented action, because it was calling for the resignation of two ministers and the repeal of up to three laws. Even if it wanted to, the Executive could do nothing about these matters.

Concerning the strike itself, he said that "it was a failure, because as we suspected, the maturity of the Peruvian people prevents them from suppressing their desire to work."

He stressed that the first estimates he had received, not only for Lima but for the interior as well, indicated a 60 to 70 percent work attendance rate. He said that activities in Parliament were near normal levels.

Desired Results Lacking

Deputy Luis Pais Torres of the American Revolutionary Popular Alliance (APRA), referring to the strikes, among them that of microbus drivers, stated that the organizers did not achieve the desired results "because the people realize that the country's situation cannot change overnight."

He also asserted that "the Aprista Party of Peru (PAP) is not in the habit of manipulating or inciting strikes, because it has always respected the autonomy of each of the labor institutions."

Strikes Must Stop

In turn, Deputy Miguel Mendiola Martinez of Popular Action (AP) said, "Given the failure of the strike, those actions will have to come to a halt through their own inertia."

"The strike did not succeed in paralyzing the nation, nor did it achieve its objective of destabilization. I think the organizers will not seek out other failures of this type," he pointed out.

He also said that the markets functioned as usual, and almost all transportation was operating, so citizens remained calm.

Failure and Followers

Senator Mario Serrano Solis, also of AP, indicated that "the strike was only partial, and by the afternoon it was a complete failure."

He noted that although he did not know how things were in the factories, the operation of transit vehicles and the normal traffic of people on the streets, just like any other day, indicated that the citizenry did not respond in accordance with the desires of the United Left and the people who "joined in to destabilize the democratic government."

Youth Day

Deputy Dagoberto Laynez commented that "only the lazy did not go to work," because it was obvious that "activity continued in the city at only slightly less than normal levels."

"We must congratulate the government for not declaring a day off on this occasion," he added.

He said that a bill has been submitted to declare 15 January "Youth Day," in honor of the youths who in 1881 sacrificed their lives to defend the homeland against invaders.

8926
CSO: 3010

OFFICIALS CONDEMN TERRORISM, CALL FOR COOPERATION

Belaunde Requests Mayors' Cooperation

Lima LA PRENSA in Spanish 28 Dec 80 p 1

[Excerpts] Last night President Belaunde called upon the country's mayors who will assume office next Thursday to work in the people's interest in response to the vote of confidence they have received.

He said, too, that food subsidies will be continued until planning has been completed for the program providing selective subsidies to poverty-stricken families.

The speech, which opened the first Convention of Provincial Mayors elected in the municipal elections in November, was intended to bring about a sense of national unity in dealing with the pressing problems facing Peruvian communities.

After the ceremony, President Belaunde spoke briefly with several of the mayors in attendance, including the "red" mayor of Arequipa, Jose Villalobos Ampuero.

Hours before arriving from Arequipa, Villalobos had stated that he rejects acts of violence as the road to power.

Orlandini on Terrorist Acts

Lima LA PRENSA in Spanish 28 Dec 80 p 3

[Text] Senator Javier Alva Orlandini, second vice president of the republic, warned yesterday that the government "will not tolerate efforts by minority groups to use violence to impose their ideas on the 18 million Peruvians who are democratic."

Alva spoke after the swearing-in of the mayor-elect of Callao, Ricardo Muelle. He also said that the government, as President Belaunde has stated, is not going to persecute anyone because of his ideas.

At the same time, however, Alva condemned the massacre committed in Cangallo by members of the extremist group Shining Path in which two peasants were murdered and five other people were wounded.

In the face of all these violent acts, he noted that the Popular Action delegation had submitted a bill to Congress that provides for drastic punishment for those committing terrorist acts.

He pointed out that the bill was sharply attacked by leftist periodicals, which went so far as to assert that the measure was an effort to "impose the death penalty."

"That's entirely untrue," Alva said, "because we all know that the constitution establishes the death penalty only for cases of treason to the fatherland in the event of war with another country."

With the bill, the senator went on, they are attempting only to institute severe penalties for those committing terrorist acts involving destruction of public property and attempted overthrow of the government.

Alva also called for unity among all the town councilors and cooperation in seeking the solutions to municipal problems.

Mayors Condemn Terrorist Acts

Lima LA CRONICA in Spanish 29 Dec 80 p 2

[Text] Yesterday mayors from Lima and other areas of the country condemned the terrorist acts taking place in different parts of the country and agreed on the need to issue a communique to that effect at the close of the mayors' convention, which ends today, Monday.

Moreover, they stated that the criminal acts committed by various political groups have no other purpose than to destabilize the constitutional system and foster chaos within the country for shameful ends.

Eduardo Orrego (AP [Popular Action] - mayor of Lima): "I condemn the terrorist acts, and I think the finding of dead dogs in the downtown area of the city constitutes a macabre joke that I hope won't be repeated. We'll try to engage in a dialog with representatives of all groups in order to prevent these acts from happening again."

Jose Villalobos Ampuero (IU [United Left]-Arequipa); "I condemn all the terrorist acts that have occurred in the country. It's clear that their only purpose is to destabilize the democratic system. Contrary to the view that they are the work of the ultra-left, I personally believe that these acts come from the right. But I hope the Ministry of the Interior will intensify its investigation and show the citizenry those responsible for these attacks on government property and public order."

Pedro Abel Baldeon (UNO [National Odriista Union] - Tarma): "Fortunately, in Tarma the sources of subversion have been detected and brought under control. The terrorist acts committed in Tarma have irreparably harmed the community. I hope they don't occur again, for the people will be the only ones to suffer."

Guillermo Silva Flor (AP - Tacna): All terrorist acts are reprehensible. Tomorrow morning, in fact, I'm going to sign a joint mayors' declaration in which we're going to protest these deeds, and we're going to insist that the most drastic measures be applied to those who commit these acts against the property of the Peruvian people."

Jaime Ardiles Franco (IU - Puno): "I defend democracy, and I'm against all terrorist acts. I don't think a single official tolerates these acts. However, it's necessary to find out who is responsible and not simply point out suspects."

9085
CSO: 3010

APRA TAKES DISCIPLINARY MEASURES AGAINST PARTY MEMBERS

Lima EL COMERCIO in Spanish 28 Dec 80 p 4

[Text] Monday, the National Committee on Discipline of the Aprista Party [PAP] called upon Andres Townsend Ezcurra to defend himself after that organization's National Executive Committee agreed yesterday to expel members who do not recognize the "legitimacy and authority of the Aprista Party's governing bodies."

In a personal statement, Townsend declared, after calling it "nonsense," that he would not attend the meeting.

Townsend and other local leaders, as well as some from party branches in outlying areas, such as Ica, Arequipa, Lambayeque and Huanuco, deny the "legitimacy" of Trujillo Congress, held in early August to honor the first anniversary of the death of the PAP's founder, Victor Raul Haya de la Torre.

Illegality

They assert that the gathering, during which Fernando Leon de Vivero, "confidant" of Armando Villanueva del Campo, was elected sole secretary general of the PAP, was not representative and suffered from serious defects.

Townsend was a candidate for first vice president of the republic on the Aprista slate unsuccessfully headed by Villanueva del Campo.

The PAP Political Committee, headed by Carlos Enrique Melgar, met the night before last to consider Townsend's situation. After it deliberated in private for several hours, the National Executive Committee [CEN] began a lengthy session that ended at 0300 hours yesterday.

However, only 12 hours later, the CEN issued a four-point communique approving the holding of a national convention following a plenary meeting of the CEN on 11 and 12 January to set the agenda and date for that event.

Posturing and Statements

The document also referred to the "repeated posturing and statements" by some members, without directly naming Townsend or anyone else. It then declared that any statement or conduct reflecting nonrecognition of the "legitimacy and authority" of the Aprista Party's governing bodies "places their authors, whatever their rank or post, outside of the party."

The CEN communique was signed by Leon de Vivero, Alfredo Tello Salavarria, Beatriz Seoane and Eduardo Jibaja in their capacities as, respectively, secretary general, secretary of discipline, secretary of the interior and publicity secretary.

The CEN urged the National Committee on Discipline to apply the bylaws with the "speed required by the circumstances." For this reason, it notified Townsend yesterday that he should appear on Monday to answer to the charges against him.

However, after receiving the summons, Townsend said it was "nonsense" and stated that he would not attend because he was unaware a disciplinary process against him had been initiated, particularly after having spoken this week with three members of the Political Committee.

CEN Meeting

According to reports, those at the CEN meeting most in favor of Townsend's immediate "expulsion" were deputies Jesus Guzman Gallardo, Hilda Urizar and Walter Cuestas Diaz, remembered in those circles for old Trotskyist links.

On the other hand, informants said, Ramiro Priale, Carlos Enrique Melgar and Alan Garcia opposed the measure, the last-named because of alleged "generational rivalries" with Guzman's and Urizar's group.

Townsend's Statement

"To achieve the sought-after unity of the PAP, which is the traditional secret of its power, I have disdained no effort to attain it. In that regard, the rank and file of Lima and the rest of the country support this campaign to determine the APRA's [American Revolutionary Popular Alliance] genuine ideological identity and its rejection of any effort to manipulate it through intimidation.

"This is reflected in the decisions reached by the rank and file of Lima at the meeting held last Sunday, despite the harassment they were subjected to when the discussion opened.

"In this effort to exhaust all means of achieving true unity, I had the opportunity to speak on two occasions, Tuesday and Friday, with senators Ramiro Priale, Luis Alberto Sanchez and Carlos Enrique Melgar, members of the Political Committee.

"In these conversations, we discussed the best means of insuring the success of a national convention of the party, which would genuinely represent its rank and file."

The CEN Communique

"At its meeting begun last night, Friday, the National Executive Committee of the Aprista Party of Peru reached the following decisions:

"1. To confirm the calling of the national party convention, agreed upon by the national plenary on 8 September of this year.

"2. To call a plenary meeting of the CEN on 10 and 11 January to establish, with the assistance of the secretaries general of the departmental committees throughout the country, the agenda and the date of the national convention as well as to choose the members of the organizing committee for this event.

"3. With respect to the repeated posturing and statements that have been coming from members of the party, and reported widely in the media, the CEN declares that any statement or conduct reflecting nonrecognition of the legitimacy and authority of the Aprista Party's governing bodies places their authors, whatever their rank or post, outside of the party, and it consequently has agreed to urge the National Committee on Discipline, as the highest authority, to apply the bylaws with the speed required by the circumstances.

"4. To reaffirm, on the occasion of the beginning of a new year, its faith in the social democracy of bread with freedom forged by Haya de la Torre and resolutely defended by the party of the people, also confirming its line of fraternal unity based on discipline and responsibility for the achievements of the Apristas' historic objectives."

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CSO: 3010

ILADE STUDY SHOWS SIGNS OF ECONOMIC GROWTH IN 1980

Lima EL COMERCIO in Spanish 10 Jan 81 p 14

[Text] A study by the Latin American Business Development Institute (ILADE) indicates that the direct impact of the newly adjusted prices in this week's "unleashing" of prices will be more than 10 percent in January. Repercussions will also be felt in the ensuing months.

It asserts that while the government has good intentions, reality is somewhat different. Although it is said that 1981's inflation figures will be below those of 1980, interest rates have been changed drastically, and the minidevaluations may be accelerated. That would aggravate inflation.

In its "Monthly Economic Analysis" for December, the institute stresses that in order to counteract the effects of the inflationary measures taken under its policy, the government has gradually loosened tariff restrictions to allow foreign competition, considered antioligopolistic. This move was considered to be "extremely beneficial, the cornerstone of economic reactivation based on new, more realistic and efficient rules." The report says that this measure was complemented with a theoretically balanced budget that could not serve as an expansive factor in demand.

The near future, it points out, will determine the effectiveness, or lack thereof, of the measures taken to combat inflation and reactivate the economy.

Overview

It comments in its overview of the Peruvian economy that the year 1980 ended in an apparent state of recovery in some sectors, recession in others.

The manufacturing industry, and especially contruction, experienced heightened activity, in contrast to previous years that were marked by depression.

At the same time, food production was down, forcing the state to import increasing amounts.

Regarding Premier Ulloa Elias' recent statement, the report expresses the opinion that the production figures he cited should be backed up with statistics. "Otherwise, it will boil down to nothing more than the positive desire of a

government that has been severely criticized by many businessmen just a few months after it took office."

Inflation

The study indicates that the election in November and the widespread strikes prevented the government from implementing the so-called "unleashing" of prices as it had promised the International Monetary Fund.

For this reason, it goes on to say, the year ended with an inflation rate of 60.8 percent. The rate would have reached 75 percent or more if the adjustment had taken place in December.

Wages and Salaries

Commenting on wages, the report points out that during the first three quarters of 1980 real pay in the public and private sectors improved over 1979 levels, which spurred demand and stimulated the market.

However, this situation did not improve in the fourth quarter because wages were not indexed to the inflation rate.

This trend seems to be continuing at the beginning of 1981, as it is difficult to admit that the wage adjustments already implemented could adequately compensate for the inflation that has taken place since October, according to the study.

Industrial Activity and Construction

The manufacturing industry and construction experienced a general recovery in 1980 due to both internal and external factors.

However, ILADE claims that the tariff reduction has led to widespread concern, particularly in small industries that are not very competitive.

The growth of the Gross Domestic Product in 1980 was 3 percent more than 1979's figure. Predictions are that it will be less at the beginning of this year.

International Prices

The prices of our principal mineral exports have shown a downward trend in the last months of 1980.

The slow economic comeback of some countries and the depression that has characterized the world economy indicate that the current trend will continue as far as 1981 prices are concerned.

Currency and Banking

At the end of October, the Net International Monetary Reserves of the Banking System amounted to $1.095 billion.

Foreign Currency Assets exceeded $2.452 billion.

These reserves doubled in size between December 1979 and October 1980.

The 1980 devaluation of the sol amounted to 36.8 percent instead of the 24 percent predicted by Central Bank officials at the beginning of the year.

However, the percentage of the devaluation was much less than the 60.8 percent inflation rate of 1980.

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